



SINTEX INDUSTRIES LIMITED
ANNUAL REPORT 2020-2021

Contents

| | |
|------------------------------------|-----|
| Corporate Information | 1 |
| Directors' Report | 2 |
| Management Discussion and Analysis | 22 |
| Report on Corporate Governance | 30 |
| Standalone Financial Statements | 48 |
| Consolidated Financial Statements | 93 |
| Form AOC-1 | 134 |

FORWARD LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions. We have tried, where possible, to identify such statements by using words such as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Corporate Information

BOARD OF DIRECTORS :

(Suspended during CIRP)

Mr. Rahul A. Patel (DIN: 00171198)
Chairman and Managing Director

Mr. Amit D. Patel (DIN: 00171035)
Managing Director

Mr. Sunil Kumar Kanojia (DIN: 00490259)
Independent Director

Mr. Pratit Patel (DIN: 07841812)
Independent Director

Mrs. Keerti Lachhwani (DIN: 08757712)
Independent Director

Mr. Jayesh Khatsuria (DIN: 08626274)
Non Executive Director

Mr. Premnarayan R. Tripathi (DIN: 06818747)
Additional Independent Director
(w.e.f. 23.12.2020)

Mr. Yogesh S. Ghatge (DIN: 08755299)
Additional Independent Director
(w.e.f. 23.12.2020)

Dr. Rajesh B. Parikh (DIN: 00171231)
Independent Director
(upto 28.09.2020)

Mr. Mayank U. Devashrayee (DIN: 05313186)
Independent Director
(upto 03.10.2020)

Mr. Samuel George (DIN: 06952669)
Independent Director
(upto 27.11.2020)

Mr. Sudatta Mandal (DIN: 00942070)
Nominee Director
(upto 28.10.2020)

INTERIM RESOLUTION PROFESSIONAL

Mr. Pinakin Shah
(IP Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248)

BANKERS :

Punjab National Bank

AUDITORS :

M/s. R Choudhary and Associates
Chartered Accountants
Ahmedabad

REGISTRAR & SHARE TRANSFER AGENT :

Bigshare Services Pvt. Ltd.
A-802, Samudra Complex,
Near Klassic Gold Hotel, Off C. G. Road,
Navrangpura, Ahmedabad - 380 009, Gujarat.
Phone : +91 079 40024135
Email : bssahd@bigshareonline.com
Website: www.bigshareonline.com

COMPANY SECRETARY & COMPLIANCE OFFICER :

Mr. Hitesh T. Mehta

REGISTERED OFFICE :

Kalol - 382 721, Dist: Gandhinagar, Gujarat, India.
Phone : +91-2764-253000
CIN : L17110GJ1931PLC000454

INVESTOR RELATIONSHIP CELL:

7th Floor, Abhijeet Building-I, Mithakhali Six Roads,
Ellisbridge, Ahmedabad - 380 006, Gujarat, India.
Phone. : +91 6358855979
E-mail : share@sintex.co.in
Website : www.sintex.in

Directors' Report

To,
The Shareholders,

Presentation on the 90th Annual Report highlighting the business and operations of the Company on a standalone basis and the audited financial statements for the financial year ended 31st March, 2021.

Pursuant to the Order dated 6th April, 2021 of the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated against the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from 6th April, 2021 (Corporate Insolvency Resolution Process Commencement Date). Mr. Pinakin Shah has been appointed as Interim Resolution Professional ("IRP") in terms of the NCLT Order.

The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP in accordance with the provisions of Section 17 and 23 of the Insolvency Code read with Regulation 15(2A) & (2B) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial highlights

The Financial highlights of the Company, on standalone basis, for the financial year ended March 31, 2021 is summarised below:

(₹ in crores)

| Particulars | 2020-2021 | 2019-2020 |
|---|------------------|------------------|
| Gross turnover | 1689.15 | 1634.92 |
| Profit/(Loss) before Depreciation, Finance Cost, Exceptional Items and Tax | 201.34 | (308.24) |
| Less: Depreciation | 281.75 | 284.40 |
| Less: Finance costs | 794.92 | 742.03 |
| Profit/(Loss) before tax and Exceptional Items | (875.33) | (1334.67) |
| Less: Exceptional Items | 426.64 | - |
| Profit/(Loss) before tax | (1301.97) | (1334.67) |
| Less: Provision for taxation — current tax | - | - |
| Provision for taxation — Earlier Year | (0.15) | (6.12) |
| Deferred tax | - | (78.57) |
| Profit/(Loss) after tax | (1301.82) | (1249.98) |
| Profit/(Loss) for the Year | (1301.82) | (1249.98) |

Note: Previous years figures have been regrouped/re-classified, wherever required.

Financial performance

Fiscal 2020-21 was complex year for the Company as reflected in the financials. Your Company reported 3.32% increase in gross sales from ₹ 1634.92 crore in 2019-20 to ₹ 1689.15 crore in 2020-21.

EBIDTA increased to ₹ 201.34 crore in 2020-21 from ₹ (308.24) crore in 2019-20. Net loss for the year is ₹ 1301.82 crore against the previous year's loss of ₹ 1249.98 crores. The earnings per share (face value of ₹ 1) stood at ₹ (21.88) (basic) and ₹ (21.88) (diluted) for 2020-21 against ₹ (21.04) (basic) and ₹ (21.04) (diluted) for 2019-20.

Transfer to Reserves

The Company has not transferred any amount to the general reserve during the current financial year.

Dividend

As your Company has been defaulting in servicing its debt obligations since 11th June, 2019 and considering the magnitude of loss incurred in the financial year, the Company has not recommended dividend on the equity shares of the Company for the Financial Year 2020-21.

Dividend Distribution Policy

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") the Company has formulated its Distribution Policy and the same has been uploaded on the website of the Company which can be accessed at http://sintex.in/wp-content/uploads/2016/11/Dividend_Distribution_Policy.pdf

Share Capital:

During the year, the Company has allotted 51,22,874 Equity Shares of ₹ 1/- each at a premium of ₹ 91.16 each per Equity Share on exercise of conversion by the FCCBs holder and accordingly, the paid-up Share Capital of the Company as on 31st March, 2021 stands increased to ₹ 59,92,17,962/- divided into 59,92,17,962 Equity Shares of ₹ 1/- each. As at 31st March, 2021, FCCBs worth US\$ 6.50 million (of the US\$ 110 million FCCB issue) were outstanding for conversion into equity shares.

Fixed deposits

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

State of Company's affairs

Sintex is a respected name in the textile industry in India. The Company is engaged into the cotton and 100% wet linen yarn manufacturing. It produces premium quality compact and specialized blended yarns. The high-quality yarn has been widely accepted by weavers, knitters, composite textile mills and large buying houses who are working for brands in India and in across the globe.

The company is presently undergoing substantial financial stress and severe liquidity constraints coupled with changed industrial dynamics, time and cost overrun in completion of its projects, reduction in subsidies and incentive benefits with delay in disbursements, Covid related disruptions etc. which has resulted into reduction in capacity utilization of its plants and steep fall in sales volume and incurred losses during the first half of the financial year. The Company monitored the situation closely. The Company's operations have been commenced in a phased manner with enforcement of strict working restrictions. However from second half of the financial year, the Company stabilised its operations in spite of COVID-19 challenges. The Company scaled up its operations and have been working at 90% capacity comprising of more than 6 lakhs spindles at the end of the financial year. The scale up of operations is subject to substantial volatility in market and risk averseness due to 2nd and 3rd wave of Covid 19 for which company will keep updated.

The Company has discontinued the manufacturing operations of structured fabrics (except bleaching facility) at Kalol effective from 1st July, 2019 on account of high cost of operations.

Corporate Insolvency Resolution Process (CIRP)

A petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016 filed by Invesco Asset Management (India) Pvt. Ltd. (Financial Creditor) has been admitted against the Company vide Honorable National Company Law Tribunal, Ahmedabad bench order dated 06.04.2021 and Mr. Pinakin Shah has been appointed as Interim Resolution Professional by NCLT, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code, 2016. As a part of CIRP, financial and operational creditors were called upon to submit their claims to the IRP on or before 22nd April, 2021, being the last date of submission.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), and in accordance with the requirements of sub-clause 16(h) of Para A of Part A of Schedule III of LODR read with Section 25(2)(h) of Insolvency & Bankruptcy Code, 2016 and Regulation 36A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the Invitation for Expression of Interest in Form - G was published on 11th June, 2021 for its submission to the IRP on or before 15th July, 2021.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report & Covid-19 impact.

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 29th June, 2021 there were no subsequent events to be recognized or reported that are not already disclosed except there is severe damage at our factory plant situated at Taluka Jafarabad, Lunsapur, Amreli, Gujarat due to Cyclone Tauktae on 17th May, 2021 and 18th May, 2021. The expected quantum of loss / damage due to Cyclone Tauktae and estimated impact on the production / operations is under process of determination. The loss / damage is covered by the Insurance and the Company has intimated about the incident of severe damage due to Cyclone Tauktae to the Insurance Company.

Performance of subsidiary – BVM Overseas Limited

Sintex's presence in domestic as well as export market is partially through its wholly owned subsidiary, BVM Overseas Limited.

Sintex is trading its yarn in domestic and international markets through this subsidiary.

BVM Overseas Limited

The Company is the trading arm of Sintex Industries Limited in India and in international markets. While the Company currently trades in yarn, other products like fabrics, sheeting etc. will be brought under the Company's fold at a later date for capitalising on trading opportunities in India and with international customers over time.

During the financial year under review, the turnover decreased to ₹ 291.37 crores against ₹ 595.04 crores in 2020-21. Out of the total turnover, about 64% accrued from the international market. The Company reported an EBIDTA of ₹ 1.17 crore in 2020-21.

For information relating to contribution of subsidiary company to the overall performance of the Company, please refer AOC- 1 forming part of this Annual Report.

Changes in subsidiaries, associates and joint ventures/wholly-owned subsidiaries:

During the year under review, there was no change in the status of subsidiaries and joint ventures/ wholly-owned subsidiaries.

Corporate Social Responsibility initiatives

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The Annual Report on CSR activities is annexed herewith as '**Annexure - A**'.

Internal Financial Control (IFC) systems and their adequacy

As per the provisions of the Companies Act, 2013, the Directors have the responsibility for ensuring that the Company has implemented robust system / framework for IFCs to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls, to enable the Directors to meet with their responsibility.

The Company has in place, a sound financial control system and framework in place to ensure:

- The orderly and efficient conduct of its business including adherence to Company's policies,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

A formal documented IFC framework has been implemented by the Company. The Board regularly reviews the effectiveness of controls and takes necessary corrective actions where weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment. Based on this evaluation, there is nothing that has come to the attention of the Directors to indicate any material break down in the functioning of these controls, procedures or systems during the year. There have been no significant events during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company.

Statutory Auditors and Auditors' Report

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s. R Choudhary and Associates (FRN:101928W), Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company in 88th Annual General Meeting to hold their office till the conclusion of 93rd Annual General Meeting of the Company.

The Report given by M/s. R Choudhary and Associates, Chartered Accountants on the financial statement of the Company for the financial year 2020-21 does not have any qualifications, observations, reservation or comments or other remarks, which have any adverse effect on the functioning of the company. The notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments.

Reporting of Fraud

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

Cost Auditor

As per the requirements of the Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company is required to maintain cost records and accordingly, such accounts are made and records have been maintained every year.

The Company has appointed M/s. Shah Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditor to audit the cost records of the Company for the financial year 2021-22. The Cost Auditors have submitted a certificate of their eligibility for such appointment. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Shah Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the Annual General Meeting.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Chirag Shah & Associates, Company Secretaries, Ahmedabad to undertake the Secretarial Audit of the Company. The Secretarial Audit Reports for the financial year 2020-21 of the Company and its material subsidiary company i.e. BVM Overseas Limited are annexed herewith as '**Annexure - B**'. There were no qualifications, observations, reservation or comments or other remarks in the Secretarial Audit Reports, which have any adverse effect on the functioning of the Company and its material subsidiary.

Directors and Key Managerial Personnel

Mr. Rahul A. Patel (DIN : 00171198), Director is due to retire by rotation at this Annual General Meeting in terms of Section 152(6) of the Companies Act, 2013 and is eligible for reappointment.

Dr. Rajesh B. Parikh (DIN: 00171231) ceased to be Independent Director w.e.f. 28th September, 2020 on the expiry of Second term of his appointment. Mr. Mayank U. Devashrayee (DIN: 05313186) and Mr. Samuel George (DIN: 06952669) ceased to be Independent Directors w.e.f. 3rd October, 2020 and 27th November, 2020 respectively.

Mr. Sudatta Mandal, (DIN: 00942070), Chief General Manager of Export-Import Bank of India ("Exim Bank") who was appointed as Nominee Director on behalf of Exim Bank on the Board of the Company ceased to be the Director of the Company w.e.f. 28th October, 2020.

Mrs. Keerti Lachhwani (DIN: 08757712) who was appointed as an Additional Independent Woman Director w.e.f. 25th June, 2020, her appointment was regularised at the Company's 89th Annual General Meeting held on 28th September, 2020.

During the year, the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, appointed Mr. Premnarayan R. Tripathi (DIN: 06818747) and Mr. Yogesh S. Ghatge (DIN: 08755299) as Additional Non-Executive Directors in the Category of Independent Directors w.e.f. 23rd December, 2020. The IRP has recommended appointment of Mr. Premnarayan R. Tripathi and Mr. Yogesh S. Ghatge as Independent Directors under the Companies Act, 2013, to hold office till the conclusion of the 94th Annual General Meeting of the Company to be held in the calendar year 2025.

The above Additional Independent Directors hold the office up to the ensuing Annual General Meeting. The IRP considers it desirable to avail their services. The Company has received notices from members pursuant to the provisions of Section 160 of the Companies Act, 2013 proposing the appointment of all such Directors of the Company.

Mr. Pinakin Shah, the Interim Resolution Professional, recommended to continue the terms of appointment of Mr. Premnarayan R. Tripathi and Mr. Yogesh S. Ghatge as Independent Directors.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) read with Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent directors of the Company appointed during the year have integrity, necessary expertise and experience required for effectively performing their roles and discharging responsibilities. Also, your Company has received annual declarations from all the Independent Directors of the Company confirming that they have already registered their names with the data bank maintained by the Indian Institute of Corporate Affairs ["IICA"] as prescribed by the Ministry of Corporate Affairs under the relevant rules.

As stipulated under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by the Institute of Company Secretaries of India, brief profiles of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and membership/Chairmanship of Committees of the Board, shareholding in the Company and disclosure of relationship between directors inter-se are provided in the Notice attached forming part of the Annual Report.

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Awards and Recognitions

During the year the Company has received a prestigious award as a 2nd Highest Export Performance in Cotton yarn from The Cotton Textile Export Promotion Council (TEXPROCIL) for F.Y. 2019-20.

Insurance

The Company's plant, property, equipments and stocks are adequately insured against major risks. The Company has also taken Directors' and Officers' Liability insurance Policy to provide coverage against the probable liabilities arising on them, if any.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis; and
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- the systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Sintex ESOP 2018

The Company instituted the Sintex Industries Limited -Employees Stock Option Plan-2018 (ESOP Plan) to grant equity based incentives to eligible employees of the Company and directors of the Company, excluding independent directors. The Scheme of ESOP Plan is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. During the year under review, the Company has not granted any stock options pursuant to ESOP Plan.

A total of 30,00,000 options would be available for grant to the eligible employees of the Company and directors of the Company, excluding independent directors under the ESOP Plan.

The details as required to be disclosed under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 has been uploaded on the Company's website at the link <http://www.sintex.in/wp-content/uploads/2019/04/ESOP-2018-Disclosure-under-SEBI-SBEB-Regulations-2014-1.pdf>

The Certificate from the Statutory Auditors of the Company certifying that the Company's Stock Option Plans are being implemented in accordance with the ESOP Regulations and the resolution passed by the Members of the Company, would be available electronically for inspection by members.

Secretarial Standards

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

Meetings of Board of Directors

Regular Meetings of the Board are held to discuss and decide on various business strategies, policies and other issues. During the year, four meetings of the Board of Directors were convened and held on 25th June, 2020, 10th September, 2020, 10th November, 2020 and 11th February, 2021. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the Meetings of the Board is included in the Corporate Governance Report, which forms part of the Annual Report.

Committees of the Board of Directors

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31st March, 2021:

- i. Audit Committee
- ii. Stakeholders Relationship Committee
- iii. Nomination and Remuneration Committee
- iv. Corporate Social Responsibility Committee
- v. Share and Debenture Transfer Committee

Audit Committee

The Audit Committee consists of Members viz. Mr. Premnarayan R. Tripathi (Chairperson), Mr. Yogesh Ghatge, Mr. Pratit Patel, Mr. Sunil Kanojia and Mr. Amit D. Patel. There were no instances, where recommendations of Audit Committee were not accepted by the Board of Directors.

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process and it covers various aspects of the Board functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgement, governance issues etc.

Annual evaluation of the Committees of Board of Directors of the Company's performance carried out on the basis of criteria and manner as specified by the Nomination and Remuneration Committee and also the terms of reference of the committees.

The performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Independent director databank registration

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the Independent Directors Data bank. Requisite disclosures have been received from the directors in this regard. Your Company has received annual declarations from all the Independent Directors of the Company confirming that they have already registered their names with the data bank maintained by the Indian Institute of Corporate Affairs [“IICA”] as prescribed by the Ministry of Corporate Affairs under the relevant rules. Out of five Independent Directors, two Independent Directors have cleared the online proficiency self-assessment test as prescribed under said rules and rest of the Independent Directors will attempt the said test in due course of time.

Independent Directors’ Meeting

The Independent Directors met on 11th February, 2021, without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed the performance of non-independent directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Extra Ordinary General Meetings / Postal Ballot

During the year under review, the Company has neither convened any Extra Ordinary General Meeting of the members of the Company nor passed any resolution through Postal Ballot.

Consolidated financial statements

The IRP reviewed the affairs of the Company’s subsidiary during the year at regular intervals. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary, which form part of this Annual Report. The consolidated Financial Statements have been prepared on the basis of audited financial statements of the Company and its subsidiary, as approved by the IRP. Further a statement containing salient features of the Financial Statements of each subsidiary in Form AOC-1 forms part of the Consolidated Financial Statements. The statement also provides the details of performance and financial position of subsidiary.

Transfer of shares to IEPF demat account

The Company has transferred 1,45,337 Equity Shares to the IEPF demat account held with Central Depository Services (India) Limited (CDSL) in terms of Section 124 (6) of the Companies Act, 2013 and the notified Rules of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, in respect of those shareholders, who have not claimed the dividend for the period of seven consecutive years or more.

Policies

- **Remuneration policy**

The Board has on the recommendation of the Nomination and Remuneration Committee framed and adopted the Policy for selection and appointment of directors, senior management and their remuneration. The Board recognizes that the various Committees of the Board have very important role to play to ensure highest standards of corporate governance. The remuneration policy is stated in the Corporate Governance Report.

- **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

Pursuant to the amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015 vide The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 the Board of Directors of the Company has adopted new code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“UPSI”) (“Fair Disclosure Code”) incorporating a policy for determination of “Legitimate Purposes” as per Regulation 8 and Schedule A to the said regulations w.e.f. 1st April, 2019.

- **Whistle blower policy**

The Company has adopted a Whistle Blower Policy through which the Company encourages its employees to bring to the attention of Senior Management, including Audit Committee, any unethical behaviour and improper practices and wrongful conduct taking place in the Company. The details of the same is explained in the Corporate Governance Report and also posted on the website of the Company at the link http://www.sintex.in/wp-content/uploads/2016/07/Whistle_blower_policy.pdf

- **Code of Conduct to Regulate, Monitor and Report Trading by Insiders**

Pursuant to amendments in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company adopted the revised “Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons” as per Regulation 9 and Schedule B to the said regulations w.e.f. 1st April, 2019.

- **Policy for Determining Material Subsidiaries**

Pursuant to amendments in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, the Company has adopted the revised "Policy for Determining Material Subsidiaries" for laying down a criterion for determining Material Subsidiaries and their governance as per Regulation 16(1)(c) to the said regulations w.e.f. 1st April, 2019.

Particulars of loans given, investments made, guarantees given and securities provided

Particulars of loans given, investments made, guarantees given and securities provided under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement (Please refer to **Note No. 7, 8 and 15** to the standalone financial statement), which were proposed to be utilized for the general business purpose of the recipient.

Contracts and arrangements with related parties

Related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business in accordance with relevant provisions of the Companies Act, 2013. Further, there were material related party transactions which were entered into in the ordinary course of business and on arm's length basis under Section 188(1) of the Companies Act, 2013 during the financial year under review, details of which are provided in form AOC-2 pursuant to provisions of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. Form AOC-2 is attached herewith as '**Annexure-C**' to the Board's Report.

All Related Party Transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee on a quarterly basis. The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: http://www.sintex.in/wp-content/uploads/2021/01/6_related-party-transaction-policy-SINTEX_10.09.2020.pdf

Disclosures of Related Party transactions as per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided as **Note No. 39** to Standalone Financial Statements.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms part of this Annual Report.

Corporate Governance

Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the Company to protect the best interests of all stakeholders. The Company complies with all the Standards, Guidelines and Principles governing disclosures and obligations set out by the Securities and Exchange Board of India (SEBI) and the Stock Exchanges on corporate governance.

A separate report on Corporate Governance along with Certificate from M/s. Chirag Shah & Associates, Practicing Company Secretaries, Ahmedabad on compliance with the conditions of Corporate Governance as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided as a part of this Annual Report.

Your Company has made all information, required by investors, available on the Company's website www.sintex.in.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended from time to time is annexed to this Report as '**Annexure-D**'.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on 31st March, 2021 is available on the Company's website on <http://www.sintex.in/investors/> and shall be further updated as soon as possible but not later than sixty days from the date of the Annual General Meeting.

Particulars of employees

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as '**Annexure-E**'.

The statement containing particulars of employees as required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

Significant and Material Orders impacting going concern basis passed by the regulators or courts or tribunals

A petition for initiation of Corporate Insolvency Resolution Process filed by Invesco Asset Management (India) Pvt. Ltd. has been admitted against the Company vide NCLT, Ahmedabad bench order dated 6th April, 2021 and Mr. Pinakin Shah has been appointed as Interim Resolution Professional by NCLT, Ahmedabad Bench.

Application Made/Proceeding Pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year and status as at the end of Financial Year

Two Financial Creditors, Invesco Asset Management (India) Private Limited and Punjab National Bank have filed petition against the Company under Insolvency and Bankruptcy Code, 2016, of which Application of Invesco Asset Management (India) Private Limited has been admitted by the NCLT Ahmedabad Bench vide its order dated 06th April, 2021. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year by the operational creditors are available on the official website of the NCLT i.e. www.nclt.gov.in.

Risk Management

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. During the year, the Board of Directors has reviewed the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same. There are no risks which in the opinion of the Board threaten the existence of the Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Company has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace and the Company is fully committed to uphold and maintain the dignity of every women working in the Company. The Sexual Harassment Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

There were no complaints pending as on the beginning of the financial year and no new complaints were filed during the financial year under review.

The Directors further disclose that the Company has complied with the provisions relating to the Constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

General

Your Directors state that no disclosure or reporting is required in respect of the following items, as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

Acknowledgements

The IRP on behalf of Board of Directors would like to express his sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. The IRP also wishes to place on record his deep sense of appreciation for the committed services by the Company's executives, staff and workers.

On behalf of the Board (suspended during CIRP)

Place: Ahmedabad
Date: 29th June, 2021

Pinakin Shah
Interim Resolution Professional
(IP Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248)

ANNEXURE - A to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with CSR (Policy) Rules, 2014, as amended]

1. Brief outline on CSR Policy of the Company :

Sintex Industries Limited is committed to utilize its Human and Financial Resources for the benefit of needy people as mandated by the Companies Act, 2013 and rules made there under. The Company believes that by taking up appropriate activities and projects, and carefully targeting beneficiaries, it can help in raising human development index as well as transform the lives of the beneficiary for better living on sustainable basis.

Sintex Industries Limited is conscious of its obligations as a responsible corporate entity to promote social harmony, increasing opportunities for socially and economically disadvantaged sections of the society. The Company will endeavor to carry out various activities which have been stated in Schedule VII of the Companies Act, 2013 and rules made there under."

2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meeting of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|----------------------------------|---|--|--|
| 1 | Mr. Amit D. Patel | Managing Director, Chairperson of CSR Committee | No meetings CSR Committee held during the financial year under review. | |
| 2 | Mr. Rahul A. Patel | Managing Director, Member of CSR Committee | | |
| 3 | Mr. Yogesh Ghatge ⁽¹⁾ | Independent Director, Member of CSR Committee | | |
| 4 | Mr. Samuel George ⁽²⁾ | Independent Director, Member of CSR Committee | | |

Notes :

(1) Mr. Yogesh Ghatge was appointed as a member of the committee w.e.f 11.02.2021.

(2) Mr. Samuel George ceased to be a member of the committee w.e.f. 27.11.2020.

3. Provide the web-link where Composition of CSR committee. CSR Policy and CSR projects approved by the board are disclosed on the website of the company. :

Composition of CSR committee <http://www.sintex.in/wp-content/uploads/2021/04/Composition-of-Committees-of-Board-of-Directors-11.02.2021-1.pdf>

CSR Policy http://www.sintex.in/wp-content/uploads/2021/01/SINTEX-CSR-POLICY_Revised_10.09.2020.pdf

CSR projects approved by the board Not Applicable for the financial year under review

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable for the financial year under review**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount Required for set off for the financial year, if any : **Nil**

6. Average net profit of the company as per section 135(5) : ₹ **-325.69 crores**

7. (a) Two percent of average net profit of the company as per section 135(5) : **Not Applicable due to losses**

(b) Surplus arising out of CSR projects or Programmes or activities of the previous financial years : **Nil**

(c) Amount required to be set off for the financial year, if any : **Not Applicable**

(d) Total CSR obligation for the financial year (7a+7b-7c) : **Nil**

8. (a) CSR amount spent or unspent for the financial year : Not Applicable

| Total Amount spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|--|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| | | | | | |

(b) Details of CSR amount spent against ongoing projects for the financial year. : **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|----------------|---------------------|--|-----------------------|--------------------------|----------|---------------------|---|--|--|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/ No.) | Location of the project. | | Projection duration | Amount allocated for the project (in ₹) | Amount spent in the current financial year (n ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation Direct (Yes/ No). | Mode of Implementation Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration Number |
| Not Applicable | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year: **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|----------------|---------------------|--|----------------------|--------------------------|----------|-------------------------------------|--|--|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/No.) | Location of the project. | | Amount spent for the project (in ₹) | Mode of Implementation Direct (Yes/ No). | Mode of Implementation Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration Number |
| Not Applicable | | | | | | | | | |

(d) Amount spent in Administrative Overheads : **Not Applicable**

(e) Amount spent on Impact Assessment, if applicable : **Not Applicable**

(f) Total amount spent for the Financial Year, (8b+8c+8d+8e) : **Not Applicable**

(g) Excess amount for set off, if any : **Not Applicable**

| Sl. No. | Particular | Amount (in ₹) |
|---------|---|----------------|
| (i) | Two percent of average net profit of the company as per Section 135(5) | Not Applicable |
| (ii) | Total amount spent for the Financial Year | |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | |

9 (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Proceeding Financial Year | Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---------|---------------------------|--|---|--|---------------|------------------|--|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| 1 | 2019-20 | Nil | Nil | Nil | | | Not Applicable |
| 2 | 2018-19 | Nil | ₹ 9.51 crs | Not Applicable | | | Not Applicable |
| 3 | 2017-18 | Nil | ₹ 9.55 crs | Nil | | | Not Applicable |
| | TOTAL | | ₹ 19.06 crs | | | | Not Applicable |

(b) Details of CSR amount spent in the financial year for ongoing projects of the proceeding financial year(s): **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|----------------|-------------|---------------------|---|------------------|---|--|---|---|
| Sl. No. | Project ID. | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of the reporting Financial Year (in ₹) | Status of the project Completed / On going. |
| Not Applicable | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year :
Not Applicable

(asset-wise details)

- | | |
|--|-----------------------|
| (a) Date of creation or acquisition of the capital asset(s). | Not Applicable |
| (b) Amount of CSR spent for creation or acquisition of capital asset. | Not Applicable |
| (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Not Applicable |
| (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | Not Applicable |

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).:

The Company was not required to spend towards CSR Activities on account of reported losses of ₹ 325.69 crores, being the Average net profit of the company as per section 135(5) of the Act.

On behalf of the Board (suspended during CIRP)

Place: Ahmedabad
Date: 29th June, 2021

Pinakin Shah
Interim Resolution Professional
(IP Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248)

ANNEXURE - B to Directors' Report

Form No. MR-3

Secretarial Audit Report for the Financial Year Ended 31st March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Sintex Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sintex Industries Limited (CIN: L17110GJ1931PLC000454)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit by using appropriate Information technology tools like virtual data sharing by way of data room and remote desktop access tools, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The physical inspection or Verification of documents and records were taken to the extent possible:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under:-
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:-
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:-
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015:-
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018:-
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014:- (Not Applicable to the Company during the audit period):-
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not Applicable to the Company during the audit period):-
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the audit period):-
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable to the Company during the audit period):-
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015:-
- (vi) Laws specifically applicable to the industry to which the company belongs, as Identified by the management, that is to say
 - (a) Indian Boilers Act, 1923
 - (b) Static and Mobile Pressure Vessels Rules, 1999.
 - (c) Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996.
 - (d) Hazardous Wastes (Management and Handling) Rules, 1989
 - (e) The Water (Prevention and Control of Pollution) Act, 1974
 - (f) The Water (Prevention and Control of Pollution) Cess Act, 1977.
 - (g) Air (Prevention and Control of Pollution) Act, 1981.

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

- a. Secretarial Standards issued by the Institute of Company Secretaries of India;
- b. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the year under review Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against the Company by Invesco Asset Management (India) Private Limited (Financial Creditor) for default amount of ₹ 15,00,00,000/- (Principal amount) of Non-convertible Debentures (NCDs) has been admitted against the Company vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 06.04.2021. Mr. Pinakin Shah (having registration no. IBBI/IPA-002/IP-N00106/2017-18/10248) has been appointed as Interim Resolution Professional by the Honourable National Company Law Tribunal, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code 2016.

Place: Ahmedabad
Date: 29th June, 2021

Chirag Shah
Partner
Chirag Shah and Associates
FCS No. 5545
C P No.: 3498
UDIN : F005545C000541058

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

ANNEXURE - A

To,
The Members
Sintex Industries Limited.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtain from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 29th June, 2021

Chirag Shah
Partner
Chirag Shah and Associates
FCS No. 5545
C P No.: 3498
UDIN : F005545C000541058

Form No. MR-3

Secretarial Audit Report for the Financial Year Ended 31st March, 2021

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

To,
The Members,
BVM OVERSEAS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BVM OVERSEAS LIMITED (CIN: U51900GJ2015PLC084582)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit by using appropriate Information technology tools like virtual data sharing by way of data room and remote desktop access tools, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The physical inspection or Verification of documents and records were taken to the extent possible:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder: **Not Applicable to the company during the Audit period;**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder: **Not Applicable to the company during the Audit period;**
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: **Not Applicable to the company during the Audit period;**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015: **Not Applicable to the company during the Audit period;**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. November 11, 2018): **Not Applicable to the company during the Audit period;**
 - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: **Not Applicable to the Company during the Audit Period;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not Applicable to the company during the Audit period;**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: **Not Applicable to the company during the Audit period;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **Not Applicable to the company during the Audit period;**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018: **Not Applicable to the Company during the Audit Period;** and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015: **Not Applicable to the company during the Audit period.**
- (vi) The following specifically other applicable laws to the Company:

Not Applicable – as the Company is not engaged into a specific having separate legislative compliances.

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India;
- b. The Listing Agreements entered into by the Company with Stock Exchange(s): **Not Applicable to the company during the Audit period.**

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

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions in the meetings of the Board of Directors were carried through unanimously which are recorded as part of the minutes.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

We further report that during the year Company has passed following special resolutions in Annual general Meeting held on 28th Day of September, 2020.

1. Reappointment of Mr. Rajesh Parikh (DIN: 00171231) as an Independent Director of Company for 2nd Term.

Place: Ahmedabad
Date: 28th June, 2021

CS Dhvani Rana
Partner
Chirag Shah and Associates
ACS No. 43629
C P No.: 21737
UDIN : A043629C000525871

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

ANNEXURE - A

To,
The Members
BVM OVERSEAS LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtain from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 28th June, 2021

CS Dhvani Rana
Partner
Chirag Shah and Associates
ACS No. 43629
C P No.: 21737
UDIN : A043629C000525871

ANNEXURE - C to Directors' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during financial year 2020-21.

2. Details of material contracts or arrangements or transactions at arm's length basis:

(Amount in Crores)

| Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|--|---------------------------------|
| BVM Overseas Limited, Wholly owned Subsidiary | Sale of Goods/Services | Ongoing | Sale of Goods / Services for the year ended 31 st March, 2021 amounting to ₹ 301.63 Crore [#] | Not applicable | - |

Including Tax

On behalf of the Board (suspended during CIRP)

Place: Ahmedabad
Date: 29th June, 2021

Pinakin Shah
Interim Resolution Professional
(IP Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248)

ANNEXURE - D to Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2021 is given here below and forms part of the Directors' Report.

A) CONSERVATION OF ENERGY –

1) The step taken for conservation of energy

In light of the global warming, which eventually may lead to scarcity of energy resources, the company has been focusing on efficient energy conservation practices as one of the key component of its responsible energy strategy.

- The humidification plants in all units are fully automated. The company has reduced the power consumption in winter season remarkably by continuous monitoring of outside favorable conditions thereby saved energy.
- The main circulation fans speed was checked and monitored on regular basis in various waste collection systems. Thus, power consumption is optimized by mechanically reducing the speeds without affecting the process requirement.
- The latest technology needs compressed air for automatic machine functions. The company is continuously inspecting the air leakages at production machines, pipelines, joints, valves etc. on regular basis and attend any losses on top priority, thus to save electricity consumption.
- In the switchyard, area lighting optimized in order to achieve power saving.

2) The steps taken by the company for utilizing alternate source of energy : Not applicable

3) The capital investment on energy conservation equipment : NIL

B) TECHNOLOGY ADVANCEMENT –

1) Major efforts made towards technology advancement

Following steps were carried out to effectively use of advanced technology.

- Due to pandemic, the machines were stopped for a certain period. It was a challenge to restart the machines again after several days. Also, the company could not start entire machines at a time due to low orders. This time the company's shop floor management team effectively used digital platform on day-to-day basis to monitor quality and performance of its machines. The machine parts, lubrication and running- in monitored closely by shop floor maintenance team with the help of digital technology such as individual spindle monitoring system and Marzoli remote maintenance. The machine data, service manuals were effectively synchronized to evaluate the performance of the machines.

Thus, this year the company had maintained its machinery in top condition effectively with the use of digital technology monitoring.

2) The benefits derived from product improvement, product development and import substitution

Following measures were taken during this year;

- In continuation to the progress carried out in the last year, the company had focused to satisfy its customers in domestic and international markets. International and domestic buyers have been recognizing the company's yarns and insisting for the company's brand label.
- The company adopted digital platform to communicate with its customers. The concept of remote working, commonly called work from home was adapted. Initiated digital meetings, conferences, virtual discussions etc. While the lack of physical proximity appeared as a challenge initially, it turned out to be an opportunity to save time, cost of travel and added convenience. Thus, the company has identified solutions to communicate effectively with customers, continue to give factory tours, show case products and do everything through technology and virtual modes of communication. This was earlier conducted with physical presence and meetings.
- The company's sales, marketing, quality assurance and product development team participated in international and domestic exhibitions to promote company's yarn and fabric products through online virtual exhibitions this year.

3) Information regarding acquisition of imported technology during the last year

- a) The details of technology imported : Not applicable
- b) The year of import : Not Applicable
- c) whether the technology has been fully absorbed : Not applicable
- d) If not fully absorbed, areas where absorption has not taken place, and the reasons there of : Not applicable

4) Expenditure incurred on Research and Development

The company has incurred an expenditure of ₹ 0.14 crores towards Research and Development.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Crore)

| Description | 2020-21 | 2019-20 |
|--|---------|---------|
| Foreign Exchange Earned in terms of Actual Inflows | 3.78 | 0.60 |
| Foreign Exchange Used in terms of Actual outflows | 1.53 | 138.25 |

ANNEXURE - E to Directors' Report

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median employee's remuneration for the financial year 2020-21 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year 2020-21:

| Sr. No. | Name of Director / KMP and Designation | Ratio of remuneration of each Director / to median remuneration of employees | % increase in Remuneration in the Financial Year 2020-21 |
|---------|--|--|--|
| 1. | Dr. Rajesh B. Parikh, Independent and Non-Executive Director ⁽¹⁾ | 1.02:1 | (54.75) |
| 2. | Sunil Kumar Kanojia, Independent and Non-Executive Director | 3.01:1 | 96.45 |
| 3. | Sudatta Mandal, Nominee Director ⁽²⁾ | 0.51:1 | (50.00) |
| 4. | Mayank U. Devashrayee, Independent and Non-Executive Director ⁽⁴⁾ | 1.78:1 | 73.96 |
| 5. | Samuel George, Independent and Non-Executive Director ⁽⁴⁾ | 2.35:1 | 85.89 |
| 6. | Pratit Patel, Independent and Non-Executive Director | 3.47:1 | 211.41 |
| 7. | Jayesh Khatsuria, Non-Independent and Non-Executive Director | 2.14:1 | 317.75 |
| 8. | Keerti L. Lachhwani, Independent and Non-Executive Director ⁽⁵⁾ | 2.04:1 | N.A. |
| 9. | Premnarayan R. Tripathi, Independent and Non-Executive Director ⁽⁶⁾ | 0.75:1 | N.A. |
| 10. | Yogesh S. Ghatge, Independent and Non-Executive Director ⁽⁵⁾ | 0.75:1 | N.A. |
| 11. | Rahul A. Patel, Chairman and Managing Director | N.A. | N.A. |
| 12. | Amit D. Patel, Managing Director | N.A. | N.A. |
| 13. | Hitesh T. Mehta, Company Secretary | 5.87:1 | (19.81) |
| 14. | Hitesh Dihiye, Chief Financial Officer | 26.32:1 | 247.69 |

N.A. – Not Applicable. * Reflects sitting fees only.

Note : % increase in Remuneration in the Financial Year 2020-21 and Ratio of remuneration of each Director to median remuneration of employees are not comparable in following instances;

- (1) Dr. Rajesh B. Parikh ceased to be Director w.e.f. 28.09.2020.
- (2) Sudatta Mandal who was appointed as Nominee Director on behalf of "Exim Bank" (Lender) on the Company's Board ceased to be Director w.e.f. 28.10.2020.
- (3) Mayank U. Devashrayee ceased to be Director w.e.f. 03.10.2020.
- (4) Samuel George ceased to be Director w.e.f. 27.11.2020.
- (5) Premnarayan R. Tripathi and Yogesh S. Ghatge appointed as Additional Independent Directors w.e.f. 23.12.2020 by circular resolution

2. The percentage increase in the median remuneration of employees in the financial year :

There is no increase in the median remuneration of employees in the financial year.

3. There were 5026 permanent employees on the rolls of company as on 31st March 2021.

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- Average increase in the salaries of Employees other than the managerial personnel in the financial year by 4.50 %.
- During the year 2020-21, the Company has not paid any remuneration by way of salary, perquisites, allowances and commission to Executive Directors.

5. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy.

Management Discussion and Analysis

Global economic overview

In year 2020, the global economy endured its deepest recession in last 74 years, as the COVID-19 virus pandemic upended lives and livelihoods. The recession was unprecedented in its geographic scope, the central role of services, and the scale of policy responses. The COVID 19 pandemic has inflicted high and rising human costs worldwide, and the necessary protection measures have severely affected economic activity.

While the COVID-19 virus will stay with us throughout year 2021, the rapid development and deployment of vaccines will enable a transition to a new post-pandemic economy.

As per the IMF's World Economic Outlook update (January 2021), while global growth is estimated to decline by 3.5% in 2020, it is expected to rise by 5.5% in 2021. Based on strong policy support and expectations of an early rollout of vaccines, advanced economies are likely to grow by 4.3% in 2021. Though emerging economies are likely to witness varied recovery paths, on average, they are expected to grow by 6.3% in 2021 on the back of a contracted base.

Indian economy

The Indian economy negatively impacted by an unprecedented health crisis in 2020-21 with the highly contagious Coronavirus (Covid-19) spreading across the country. In response to the pandemic, Government has taken several proactive preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measures. Government imposed a strict 21 days nationwide lockdown in March 2020, under the Disaster Management Act, 2005, with subsequent extensions and relaxations, to contain the spread of Covid-19 while ramping up the health infrastructure in the country. The lockdown measures, imposed to contain the spread of Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities.

As per the first advance estimates of annual national income released by the National Statistical Office (NSO), Real GDP is estimated to contract by 7.7 percent in 2020-21, as compared to a growth of 4.2 percent in 2019-20. This contraction in GDP growth mainly attributed to the contraction in industry and services sector. The growth of Gross Value Added (GVA) at constant (2011-12) basic prices is estimated to contract by 7.2 percent in 2020-21, as compared to a growth of 3.9 percent achieved in 2019-20.

However, real GVA in agriculture & allied sectors observed growth at 3.4 percent in 2020-21 against 4.0 percent in 2019-20. This indicates rural economic activity resilience due to Covid-19 pandemic.

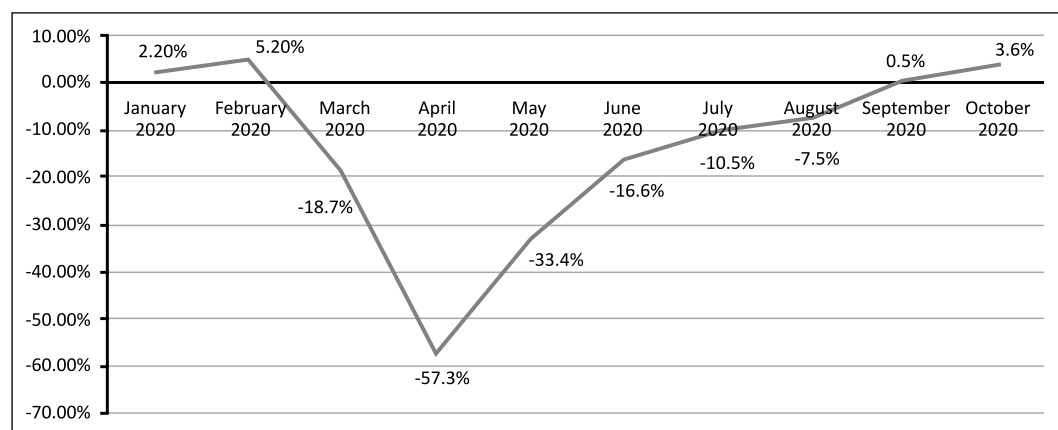
From the demand side, private consumption expenditure is estimated to contract at 9.5 percent in 2020-21 as against a growth of 5.3 percent in 2019-20 and fixed investment is estimated to decline by 14.5 percent in 2020-21 as against 2.8 percent in 2019-20.

Government consumption final expenditure estimated to grow at 5.8 percent in 2020-21 as against 11.8 percent in 2019-20.

Exports and imports of goods and services estimated to contract at 8.3 percent and 20.5 percent (at constant prices) respectively in 2020-21.

The performance of the industrial sectors based on the Index of Industrial Production (IIP) comprising mining, manufacturing and electricity registered a growth of (-) 0.8 percent in 2019-20 as compared to 3.8 percent in 2018-19. As per the sectoral classification, mining, manufacturing and electricity sectors registered 1.6 percent, (-) 1.4 percent and 1.0 percent growth during 2019-20 respectively. Among the use-based categories, primary goods, capital goods, intermediate goods, infrastructure / construction goods, consumer durables goods and consumer non-durables goods have attained 0.7 percent, (-) 13.9 percent, 9.1 percent, (-) 3.6 percent, (-) 8.7 percent and (-) 0.1 percent growth respectively in 2019-20. The cumulative growth of IIP during April-November 2020-21 is (-) 15.5 percent as compared to 0.3 percent during April- November 2019-20.

Index of Industrial production (IIP growth in percent) since lockdown due to COVID-19 in the year 2020.



Source: National Statistical Office

Government Initiatives

The Union budget aimed at energising the Indian economy through a combination of short-term, medium-term, and long-term measures.

- In November 2020, the Government of India announced ₹ 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing.
- Approval of production-linked incentives (PLI) scheme to provide ~₹ 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.
- Attracting foreign direct investments under various Government initiatives like Make in India and Digital India.
- Under Make in India initiative, the Government is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%.
- Besides, the Government has also come up with Digital India initiative, which focuses on three core components. The components are to create digital infrastructure, deliver services digitally and increase digital literacy.
- The Government of India is expecting to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is going to increase public health spending to 2.5% of the GDP by 2025.
- For implementation of Agriculture Export Policy, Government approved an outlay ₹ 2.068 billion (US\$ 29.59 million) for 2019, aimed at doubling farmers income by 2022.

The textile industry

The first three quarters of year 2020-21 would go down in the history of economic disruption owing to COVID-19 pandemic across the globe. Even the most developed countries like USA, UK were the worst affected while China and India, the most populous countries could fight against the deadly virus and manage with limited ill effects.

In FY2019-20, the Indian Textile Industry contributed approximately 2.3% to India's Gross Domestic Product (GDP) (Source - Indian Brand Equity Foundation). During the pandemic, two sectors textiles and agriculture helped to revive Indian economy.

Textile Industry is one of the largest contributors to the country's exports with around 11.4% share in India's total export earnings for the fiscal period ended 2019-20 valuing to nearly USD 37.5 billion and growing at a CAGR of 7% since 2004-05. The industry is currently pegged at an estimate of USD 150 billion (INR 10,834 billion) with 75% of the total consumption being witnessed in domestic market, while exports accounted for the remaining 25% of the total market size. India ranked 2nd in textile export with 6% of global share and stood 5th in apparel export with 4% of global share. In terms of employment, Indian textile industry is the second largest employer after agriculture, providing direct and indirect employment to nearly 100 million people in India and accounts for 12% of India's Industrial production. The sector is broadly classified into three categories, with cotton accounting for 50% share, followed by man-made fibres and jute textiles.

Government thrust on textiles

The Indian textile industry occupies a prominent place in India's economic development. Hence, the textile industry receives significant attention and resources from the Government through policy changes and allocations in the Union Budget.

The Budget addressed following important points related to textile, apparel and fashion industry:

Following are the features of Indian budget announced for the textile industry

- **Physical, Financial Capital and Infrastructure:** Announcement of a scheme of Mega Investment Textiles Parks (MITRA) to make the textile industry globally competitive, attract large investments and boost employment generation. The world-class infrastructure with plug and play facilities will help to create global champions for export markets. The Government shall establish 7 Nos. Mega Textile Parks in next 3 years.
- **Basic Customs Duty (BCD):** On raw cotton basic customs duty imposed to 10% from earlier NIL in order to reduce import of cotton. On raw silk and silk yarn custom duty increased from 10% to 15% to boost the domestic silk industry.
- **Custom Duty Rationalization:** BCD on Caprolactam, Nylon chips and Nylon fiber & yarn reduced to 5%. (Earlier 7.5%)
- **Reduction in Time for Income Tax Proceedings:** The time limit for re-opening of assessment reduced to 3 years from the present 6 years.
- **Incentives for Start-ups:** The eligibility for claiming tax holiday for start-ups extended by one more year, till 31st March, 2022. Further, in order to incentivise funding of the start-ups, capital gains exemption for investment in start-ups extended by one more year, till 31st March, 2022.
- **GST:** Government to take every possible measure to smoothen the GST structure and remove anomalies such as the inverted duty structure.

Going forward

To boost India's textile sector and unleash its full potential, the government plans to announce National Textile Policy to make the sector globally competitive.

As per Ministry of Textiles, Indian Textile and Clothing Industry is determined to reach a market size of US\$ 350 billion by 2025, the Industry Stakeholders are working very hard in collaboration with the Ministry of Textiles to make it a reality.

Textile & Clothing segment

Textiles and Clothing are one of the three important basic needs of the human beings. However, restrictions imposed on human beings due to pandemic have affected the functioning of this industry. This industry witnessed several months to recover again.

Following disruptions hampered this segment.

Manufacturing shutdown - This industry faced a complete shutdown for around 2-3 months. The companies in “Green zone” received permission to operate their units, but this number was relatively low. Majority of the units operated at sub optimal utilization levels for several months.

Work force shortage: As lock down started, most of the migrant workers preferred to go back to their native places. Also due to stringent rules of lockdown in various states of textile hubs, the migrant workers were unable to return. Hence, this industry faced acute shortage of workers and this led to reduce capacity utilisation of the mills.

Suspended logistics - Pandemic affected the entire textile value chain. Hence, logistics disrupted and external trade hampered. India’s April and May 2020 net trade was around 50 percent, lower month-on-month compared to that of the previous year.

Cancellation of orders - Due to the uncertainty across the market, international and domestic buyers cancelled and suspended their orders, adding to the woes of the industry.

Slump in physical retail sales - Lockdown restrictions across the country resulted in a slump in the retail sales of apparel for at least 4-5 months. Moreover, the festive and wedding season sale had affected deeply.

Emerging of new consumer trends - India’s e-commerce sale of goods and apparel saw a steep rise in 2020 due to change in purchasing pattern. Work-from-home drove the demand for casual wear apparel and home textiles.

Cash flow constraints – The pandemic and consequent lockdown had disturbed the supply chain. Cancellation of orders, delay in payment receivables led to cash flow constraints for textile industry.

The textile market started to recover immediately after relaxing the COVID restrictions. Textile products like Personnel protective equipment (PPE kits), facemasks, hand gloves, socks, shoes, were in high demand as these products were included in the essential commodities to prevent pandemic. As people were at home, garments such as casuals and knit wear, also home textiles products such as bed linen and terry towel witnessed robust demand across the globe. Thus, Indian textile industry bounced back to the pre-COVID level after December 2020.

Below table indicates India’s cotton textiles export update for FY (April - February) 2020-21 (Values in Mn USD)

| Commodities | Apr 19 – Feb 20 | Apr 20 – Feb 21 | % Change |
|---|-----------------|-----------------|-----------------|
| Cotton Yarn / Fab. / Made ups / Hand loom products etc. | 9,318 | 8,710 | (6.53%) |
| Man-made yarn / Fab. / Made ups | 4,471 | 3,339 | (25.32%) |
| RMG of all textiles | 14,370 | 10,845 | (24.53%) |
| Jute Mfg. including Floor Covering | 321 | 327 | 1.74% |
| Carpet | 1,291 | 1,331 | 3.16% |
| Handicrafts excl. handmade carpet | 1,674 | 1,532 | (8.49%) |
| Textiles | 17,075 | 15,240 | (10.75%) |
| Apparel | 14,370 | 10,845 | (24.53%) |
| Textile & Apparel | 31,445 | 26,084 | (17.05%) |
| All commodities | 291,870 | 256,178 | (12.23%) |
| % Share of T&C in total exports | 10.8% | 10.2% | |

(Source: TEXPROCIL)

Exports of cotton textiles during the period April – February 2021 have shown a decline of (-) 6.53% reaching a level of USD 8.71 billion over the previous year with exports of USD 9.31 billion during the period April – February 2020. The decline of 6.5% is mainly because of steep falls in April/May.

Cotton Textile exports reached a level of USD 948 million in February 2021 marking a growth of 9.41 per cent against the corresponding month of February 2020, wherein exports were valued at USD 866 million.

In rupee terms, exports during the month of February 2021 reached a level of ₹ 6,894 Cr. as against ₹ 6,192 Cr. in February 2020 recording a growth of 11.35 per cent in rupee terms.

It shows that overall cotton textile and apparel export has contracted by 17.05 percent in this year due to pandemic. Textiles export has relatively contracted by 10.75 percent due to immediate demand recovery by intermediate industry. However, apparel segment has contracted by 24.53% due to less procurement of woven garments by the consumers. Exports of cotton textiles have shown positive growth from June 2020 onwards till February 2021.

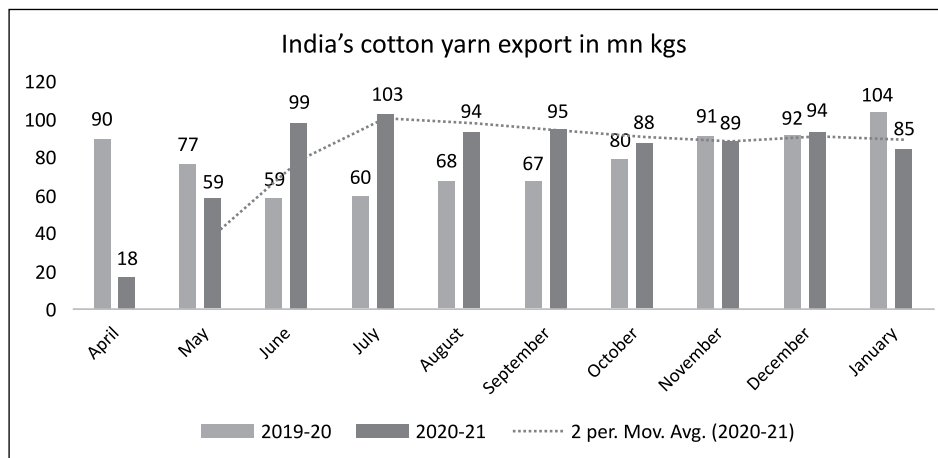
Following table indicates Cotton textiles export data (April-December 2020)

(Values in Mn USD)

| Commodity | April – December | | % | % Change |
|-----------------------|------------------|----------|--------|----------|
| | 2019 | 2020 | | |
| Cotton Textiles total | 8,201.23 | 8,004.47 | 100.00 | (2.4%) |
| Cotton Yarn | 1,996.47 | 1,918.67 | 24.0% | (3.9%) |
| Cotton Fabrics | 1,859.41 | 1,583.44 | 19.8% | (14.8%) |
| Cotton Made ups | 3,816.85 | 3,472.40 | 43.4% | (9.0%) |
| Raw Cotton | 528.48 | 1,030.36 | 12.9% | 95.0% |

(Source: TEXPROCIL)

From the above table it shows that cotton textile export has contracted by 2.4 percent in this year over last year. Raw cotton export has registered highest growth. Secondly, Cotton yarn has registered growth over fabrics and made ups. Cotton yarn export picked up as demand in international market was high. Below chart indicates India's monthly cotton yarn export.



(Source: TEXPROCIL)

India's spinning mills were the worst hit amid lack of fiscal support for last decade. Most of the mills had to shut down their operations. India's cotton yarn industry in the country started to recover as high export demand observed from July to October 2020.

Economic activity has gathered pace after the lockdown restrictions lifted, due to which robust demand for garments such as casuals and knit wear has registered from rural and urban India. Home textile segment was constantly in demand.

India's monthly cotton yarn exports witnessed in the month of July 2020 after the lifting of lock down to 103 mn kgs. However, as the demand from domestic knitters and weavers increased, export has reduced from November to January period to about 85 mn kgs. China, Bangladesh, Egypt, Portugal, Vietnam were the leading importers of Indian cotton yarn.

Amid concerns on origination of the coronavirus from China, there have already been reports of several international buyers looking at diversifying their sourcing base across countries. Hence, India's garment exporters received big orders. Several major apparel exporters from India have already started receiving increased orders and are in active discussions with large international buyers, looking at increasing their sourcing from India.

Hence, domestic demand for cotton yarn increased. At a time, consistent high demand of yarn in domestic and export market resulted to increase yarn prices. Yarn supply was short in both the markets as spinners were running at low capacity utilisation level due to shortage of work force. This was the main reasons that led to skyrocketing the yarn prices.

Indian cotton, as its prices were lower compared with global prices, has an excellent price parity, due to which exports were rising from 50 lakh bales in the previous FY to 60-65 lakh bales this year. Demand for Indian cotton is expected to rise in global markets.

With China being the leading apparel exporter, accounting for more than 35 per cent of the global trade and more than three-fourths of China's cotton originating from the Xinjiang region, any extension of the ban to a wider base in China could trigger a material shift in global apparel trade in coming years. The shift, which was previously expected to take place gradually over the medium term, will be expedited in the light of this recent development.

While over the past few years, Vietnam and Bangladesh have been the key beneficiaries for a shift away from China, India also stands to gain from any such market opportunity, which may arise, given its strong presence in the cotton-based apparels.

Future prospects:

The Indian textile sector is slowly but steadily showing signs of revival and growth in spite of many constraints such as volatile cotton prices, fluctuation in yarn prices and ominous signs of a “second wave” or “third wave” of the pandemic with growing evidence of new virus strains mutating. Given the global pandemic situation, import restrictions and protectionism being increasingly weaponised by many countries, coupled with the non-availability of containers for shipment of goods will undoubtedly weigh on world trade in the first half of 2021. Experts feel that even the weak export performance last year will have some impact on growth in 2021.

Raw Cotton

The cotton association of India (CAI) has retained its consumption estimate for the current crop year at 330 lakh bales each of 170 kgs. There is an increase of 80 lakh bales in the cotton consumption estimate compared to the previous year’s consumption estimate of 250 lakh bales of 170 kgs. Each. The consumption is estimated to reach its normal level this year after the disruptions and labour shortage caused on account of the lockdown imposed in the country to arrest spread of COVID-19 pandemic.

The CAI estimated 358.50 lakh bales cotton crop for the season 2020-21 (Date: 12 March 2021)

The MSP of cotton for the 2020-21 season was ₹ 5,825 per quintal, against Rs 5,550 in the previous year. Indian farmers had cultivated cotton over 129.57 lakh hectares.

The spinning vertical

Sintex has set up over 6.6 lakh spindles at single location in Gujarat. This location has an advantage that Pipavav seaport is away from 25 kms. This is the major advantage for export of yarn and import of fibres. The factory is close to cotton-cultivated area in India. Thus, transport cost is minimum for raw materials and export of yarn. The company produces 100% cotton combed compact, 100% carded compact and 100% wet linen and various blended yarns such as poly/cotton, specialty blends such as flax/cotton, flax/viscose, cotton/modal, 100% micro modal and blends with dope dyed fibers etc.

“State of the art” digital technology commensurate with industry 4.0 accreditation, sophisticated machines and highest degree of automation has ensured that the facility operates on a ‘no touch yarn’ principle.

The product basket includes 100% cotton yarn (Ne 10s to Ne 140s) compact weaving and knitting yarns in combed varieties to cater to leading weavers and knitters in India and across the globe. Sintex is exporting its yarns to over 50 nations.

Performance in FY 2020-21

Due to the pandemic, all economic activities except for the essential goods and services came to a standstill. The spinning, textile and apparel industry faced more challenges due to its labour intensive nature.

The company’s manufacturing operations have affected from the month of March 2020 due to shutdown of Lunsapur plant following nationwide lockdown announced by the Government of India in view of COVID-19.

After monitoring the situation closely, the company had commenced its operations from 12th April 2020, in a phased manner with enforcement of strict working restrictions under guidelines of Government.

The operating scale of manufacturing was lower than targeted, considering substantial volatility in market and risk averseness due to Covid 19, and affected due to delayed opening of textile value chain (fabric/ garmenting) and late pickup of exports.

1) The company enforced strict guidelines while reopening of the manufacturing plants

Initially, the manufacturing facility was shut down for a certain period but when re-initiated the work, several aspects were taken care. SIL’s priority was to make sure that their people remained safe and move safely in the factory premises. The first and foremost challenge with the advent of COVID-19 was to keep the employees safe, boost their confidence at work place, and maintain social distancing norms. Essential safety policies were designed and implemented. Shop floor work force movement layouts were modified. Foot pedals new sanitizing and hand washing points were installed at various places. Transport buses were sanitised at regular intervals. Wearing of masks made mandatory, awareness sessions held, audio-video aids used to create awareness about people safety. Daily temperature, oxygen % and Human antigen testing facilities were carried out at regular intervals and contact tracing norms strictly followed.

The concept of remote working, commonly called work from home was adapted. Initiated digital meetings and conferences, virtual discussions, webinars etc. While the lack of physical proximity appeared as a challenge initially, it turned out to be an opportunity to save time, cost of travel and convenience.

2) Low utilisation due to shortage of work force, cancellation of orders, suspended logistics and cash flow constraints**2.1) Low utilisation due to shortage of work force**

The company tried its best efforts to retain its migrant labours by providing food, grain and basic amenities. However, it was beyond its control as migrant workers preferred to go back to their native places to stay with their families.

2.2) Cancellation of orders

China, Bangladesh, Vietnam and European Union are the major yarn export markets. In the international market, especially Chinese customers held their shipments. The foreign buyers deferred payments for goods already shipped and some refrained from lifting the goods. The company's yarn business hampered as fabric and garment exporters from USA, France and Germany deferred the payment. Many retailers such as GAP, H&M, PVH, Levi's had closed their store network. International brands and retailers had cancelled and postponed orders.

Majority of the weavers cancelled their yarn orders in domestic market. Additionally, domestic fabric consumption has reduced due to all India closure. New store openings had stopped and even domestic stores faced an inventory build-up due to apparel sources for the summer season. Further, domestic prices affected negatively when exporters dumped their inventories in the domestic market. Thus, weavers and knitters in domestic as well as export markets cancelled company's yarn orders.

2.3) Suspended logistics

The cessation of shipments in international markets were caused by the lockdown of shops and factories there, following the outbreak. The company's cotton yarn shipments to China, Bangladesh delayed and came to a standstill. The company found it difficult to pursue export orders as in case of any quality issue arises after shipment, travelling to China for clearing the cargo became difficult. Dispatch procedure and clearing of goods at ports became a big challenge. This all led to increase logistic and supply chain period.

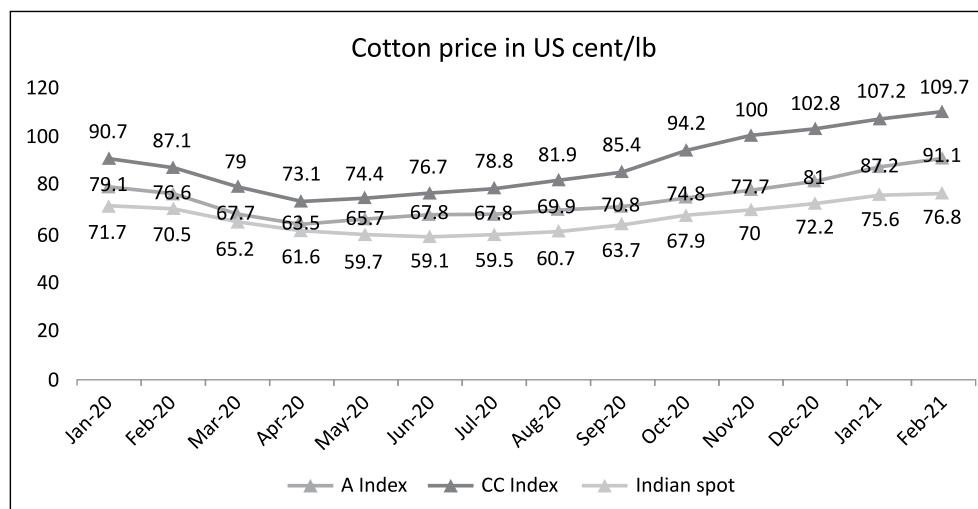
2.4) Cash flow constraints

The pandemic has affected to reduce company's export/domestic markets, causing order cancellations/deferral of order, delay in logistics led to inventory build-up and expectation of slower realization of receivables led to higher working capital requirements.

Thus, company's utilisation reduced to 56% from the planned 95% due to shortage of work force, cancellation of orders, suspended logistics and cash flow constraints. From April to November 20 (till Diwali festival) utilisation suffered due to pandemic.

3) India's cotton prices were competitive in international markets:

The below chart indicates China's cotton, International cotton and Indian cotton prices.



(Source: Cotton Incorporated)

International cotton prices were soaring and its prices were 12% higher than Indian cotton prices. India's cotton price was lowest in the world. Hence, the company witnessed good yarn margins in international markets.

The USA's ban on Xinjiang products induced competition between cotton crops and food crops on cotton growing areas in Xinjiang region. Hence, the China's cotton prices have reached the periodical high before the Chinese New Year holiday. For last four months, China's cotton prices were 23% higher than International cotton prices. In earlier months China's cotton prices were 15% higher than international cotton prices. China's cotton yarn prices were higher due to ban imposed by USA on Xinjiang cotton products.

The company has grappled with profitability issue due to a sharp decline in yarn sale in export and domestic markets in first two quarters of the year 2020-21. In the third quarter, especially from December onwards orders started increasing in domestic and export markets. Due to widened demand supply gap for yarns helped to increase margins. The company witnessed good profitability in the last quarter of this year.

Conclusion:

This year company suffered immense financial loss due to following reasons:

- 1) Outburst of pandemic
- 2) Working capital and cash flow constraints
- 3) Lockdown and restrictions on the movement
- 4) Workforce shortage
- 5) Re-establish supply chain

During the China's New Year in the last week of January 2020, owing to outbreak of Coronavirus, company's export sale came to halt. From mid-March 2020 nationwide lock down was announced in India due to which the company had to stop its operation from 21st March.

Global volatility from the beginning of the financial year caused setback to the company's liquidity position. Working capital and cash flow constraints, cancellation of orders, suspended logistics and migration of work force reduced plant utilisation from 95% to 56%.

Outbreak of the pandemic, cancellation of orders, not lifting of yarn in export and domestic market resulted in reduction of company's yarn sale drastically. Low utilisation was the reasons to reduce EBIDTA margins of yarn. Thus, company suffered huge financial losses in the first two quarters.

The company started taking utmost care of its people from the day one when reopened its operations. From October, onwards demand for yarn started increasing in domestic market due to yarn inventory in the supply chain pipeline was empty. The company witnessed minimum yarn in company's stock and similarly the weavers and knitters were having minimum yarn stock in their processes. Hence, in the month of December, the company had witnessed robust orders of yarn in export as well as domestic markets. Orders were pouring in and shortage of yarn in the markets helped to improve company's margins. India's cotton prices were competitive in international markets. Hence, the company witnessed good yarn margins in international markets.

Overall company suffered in first two quarters of the year due to the above reasons. In the third quarter especially from November onwards, the company witnessed good EBIDTA margins.

Future prospects & business outlook

The spinning industry showed signs of revival from November onwards. In international market, demand is increasing for cotton yarns. Things are looking better, but ominous signs of a "second wave" or "third wave" of the pandemic with growing evidence of new virus strains mutating is a worry.

The news coming from all part of India about the increase in COVID cases. With Covid-19 restrictions expanded and lockdown measures re-introduced in many states, Indian manufacturers look set to experience a challenging month in April. The Government in the first week of April has asked various State Governments to try to control the rapid spread of the Covid-19 cases. Any stringent restriction, especially in or around important commercial centres like Mumbai, will weigh on factory activity in April as well.

In international markets especially Europe, Bangladesh, France imparted strict guidelines and lockdown in many part of their states. Re-emerging global pandemic situation, import restrictions and protectionism had raised concern by many countries.

Along with this, non-availability of containers for shipment of goods shall undoubtedly weigh on world trade in the first half of 2021. In the current situation, the company may face few challenges due to re-emerging of COVID 19 mutations.

This year Cotton Corporation of India (CCI) is holding majority of the cotton in India. Also, there is very few cotton quantity available with cotton traders. Hence, Indian cotton prices are likely remain stable. In international markets, USA has put sanctions on Xinjiang cotton products due to child labour issues. Hence, Indian cotton and yarn will remain in high demand in international markets.

Profitability for last 5 months is very good and it is likely to continue in the coming months.

Changes in key financial ratios

The details of changes in the key financial ratios as compared to previous year are stated below:

| Particulars | FY 20-21 | FY 19-20 | Reason for Significant Change, if any |
|---------------------------------|----------|----------|---|
| Debtors Turnover (Days) | 28 | 37 | This ratio has been improved on realization of Receivables. |
| Inventory Turnover (Days) | 32 | 25 | This ratio has been increased due to increase in closing Inventory. |
| Interest Coverage Ratio (Times) | (0.14) | (0.90) | The coverage is negative as compared to previous year due to increase in finance cost and loss for the year. |
| Current Ratio (Times) | 0.35 | 0.41 | The ratio is lower on account of increase in Current Liabilities. |
| Debt Equity Ratio (Times) | 4.15 | 2.29 | The ratio is higher on account of non payment of borrowing and interest accrued during the year. |
| Operating Profit Margin (%) | 10.51% | -21.27% | The margin is positive on account of increase in sales and reduction in Raw Material cost and other expenses. |
| Net Profit Margin (%) | -77.07% | -76.46% | N.P margins are lower because of higher depreciation and finance cost. |
| Return on Net Worth | -69.45% | -39.94% | The return of networth is low due to loss during the year. |

Human resource

Sintex firmly believes that its intellectual capital plays a defining role in transforming business strategies into on-ground realities and is the critical catalyst towards sustaining profitable business growth.

In line with this conviction, the management continues to invest in its people capital to nurture skill and build capabilities, which in turn results in sustaining its industry out performance.

The Company's business (fabric and yarn) is managed by a team comprising 5026 members who are expert in their area of operations.

Sintex believes that empowering women fosters stability and prosperity in their family and the local area. In keeping with this belief, the Company has recruited a number of female members for managing the operations at its yarn.

The Company is also investing in a residential colony for its workforce with contemporary amenities namely a shopping center, sports field, amphitheater, small cinema hall and a large mess.

Internal control and adequacy

In an increasingly dynamic and competitive business landscape a robust internal control mechanism is an essential business imperative. For it is a critical element in ensuring that the organisation functions in an ethical manner, complies with all legal and regulatory requirements and meets the generally accepted principles of good corporate governance. It is an extension of the overall corporate risk management framework as well as is an integral part of the accounting and financial reporting process.

The Company has in place adequate systems of internal controls and documented procedures covering all financial and operating functions. These have been designed to provide reasonable assurance with regard to maintaining proper accounting control, monitoring operational efficiency, protecting assets from unauthorised use or losses and ensuring reliability of financial and operational information. The internal controls are designed to ensure that financial and other records are reliable for preparing financial statements, collating other data and for maintaining accountability of assets.

Risk management

The Company has a robust risk management framework to identify and mitigate risks arising out of internal as well as external factors. There is a formal monitoring process at unit and company level, wherein new risks are identified, categorised as per impact and probability, mapped to key responsibilities of select managers and managed with appropriate mitigation plan. To ensure transparency and critical assessment, the Company's Risk Management Team coordinates the risk management system and ensures that it continues to remain relevant with evolving economic and sectoral changes. The risk management framework is reviewed annually by the Audit Committee on behalf of the Board.

Cautionary Statement

Statements in this document that are not historical facts are 'forward-looking' statements. These 'forward-looking' statements may include the Company's objectives, strategies, intentions, projections, expectations, and assumptions regarding the business and the markets in which the company operates. The statements are based on information which is currently available to us, and the Company assumes no obligation to update these statements as circumstances change. There may be a material difference between actual results and those expressed herein. The risks, uncertainties and important factors that could influence the Company's operations and business are the global and domestic economic conditions, the market demand and supply, price fluctuations, currency and market fluctuations, changes in the Government's regulations, statutes and tax regimes, and other factors not specifically mentioned herein but those that are common to the industry

Report on Corporate Governance

Company's philosophy on Corporate Governance:

Corporate Governance at Sintex Industries Limited has been a continuous journey and the business goals of the Company are aimed at the overall well-being and welfare of all the constituents of the system. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the Organization and putting in place appropriate systems, process and technology.

A Report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations") is given below:

I. BOARD OF DIRECTORS:

• Composition:

The Board comprises of 8 (Eight) Directors drawn from diverse fields/professions as on 31st March, 2021. Mr. Rahul A. Patel, the Chairman of the Board is Promoter and Managing Director and Mr. Amit D. Patel is Promoter and Managing Director. The Company has 6 (Six) Non-Executive Directors, out of which 5 (Five) are Independent Directors and another 1 (One) is Non-Independent Director.

The composition of the Board is in conformity with Regulation 17 and 17A of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act"). All the Directors other than Independent Directors are liable to retire by rotation.

The total number of Directorships held by the Directors and the position of Membership / Chairmanship on Committees are given below. All the Directors are compliant with the provisions of the Act and SEBI Listing Regulations in this regard.

In accordance with Regulation 26 of the SEBI Listing Regulations, none of the Directors are members in more than 10 (Ten) committees excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 or act as Chairperson of more than 5 (Five) committees across all listed entities in which he/she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2021 are given below:

Directorships and Membership on Committees:

| Sr. No. | Name of the Director | Category ⁽¹⁾ | Board Meetings during the FY 2020-21 | | Attendance at the last AGM | No. of Directorships in other Public Companies ⁽²⁾ | No. of committee position held in other Public Companies ⁽³⁾ | | List of Directorship held in Other Listed Companies (Category of Directorship) |
|---------|--|-------------------------|--------------------------------------|----------|----------------------------|---|---|--------|---|
| | | | Held during the tenure | Attended | AGM held on 28.09.2020 | | Chairman | Member | |
| 1. | Rahul A. Patel, Chairman & Managing Director | Promoter & E.D. | 4 | 4 | Yes | 4 | 1 | 2 | 1. Sintex-BAPL Limited (Debt Listed) (Executive Director) 2. Sintex Plastics Technology Limited (Director) 3. Sintex Prefab and Infra Limited (Debt Listed) (Executive Director) |
| 2. | Amit D. Patel, Managing Director | Promoter & E.D. | 4 | 4 | Yes | 4 | 2 | 4 | 1. Sintex-BAPL Limited (Debt Listed) (Executive Director) 2. Sintex Plastics Technology Limited (Managing Director) 3. Sintex Prefab and Infra Limited (Debt Listed) (Executive Director) |
| 3. | Sunil Kumar Kanojia | I & N.E.D. | 4 | 4 | Yes | - | - | - | Not Applicable |
| 4. | Pratit Patel | I & N.E.D. | 4 | 4 | Yes | - | - | - | Not Applicable |
| 5. | Keerti L. Lachhwani ⁽⁴⁾ | I & N.E.D. | 4 | 4 | Yes | 1 | - | - | Not Applicable |
| 6. | Premnarayan R. Tripathi ⁽⁵⁾ | I & N.E.D. | 1 | 1 | N.A. | - | - | - | Not Applicable |
| 7. | Yogesh S. Ghatge ⁽⁵⁾ | I & N.E.D. | 1 | 1 | N.A. | - | - | - | Not Applicable |
| 8. | Jayesh H. Khatsuria | N.E.D. | 4 | 4 | Yes | 1 | - | - | Not Applicable |
| 9. | Samuel George ⁽⁶⁾ | I & N.E.D. | 3 | 3 | Yes | - | - | - | Not Applicable |
| 10. | Sudatta S. Mandal ⁽⁷⁾ | Nominee Director | 2 | 1 | No | - | - | - | Not Applicable |
| 11. | Mayank U. Devashrayee ⁽⁸⁾ | I & N.E.D. | 2 | 2 | Yes | N.A. | N.A. | N.A. | Not Applicable |
| 12. | Dr. Rajesh B. Parikh ⁽⁹⁾ | I & N.E.D. | 2 | 2 | Yes | N.A. | N.A. | N.A. | Not Applicable |
| 13. | Maitri K. Mehta ⁽¹⁰⁾ | I & N.E.D. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | Not Applicable |

Notes:

- (1) Category:
I & N.E.D. – Independent and Non-Executive Director
N.E.D. – Non-Executive Director
E.D. – Executive Director
- (2) The Directorships held by the Directors, as mentioned above excludes alternate directorships, directorships in foreign companies, Companies under Section 8 of the Act and Private Limited Companies, which are not the subsidiaries of Public Limited Companies.
- (3) Includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies.
- (4) Keerti L. Lachhwani appointed as Additional Independent Director w.e.f. 25.06.2020.
- (5) Premnarayan R. Tripathi and Yogesh S. Ghatge appointed as Additional Independent Directors w.e.f. 23.12.2020 by circular resolution.
- (6) Samuel George ceased to be Director w.e.f. 27.11.2020. Three meetings were held during his tenure.
- (7) Sudatta Mandal who was appointed as Nominee Director on behalf of "Exim Bank" on the Company's Board ceased to be Director w.e.f. 28.10.2020. Two meetings were held during his tenure.
- (8) Mayank U. Devashrayee ceased to be Director w.e.f. 03.10.2020. Two meetings were held during his tenure.
- (9) Dr. Rajesh B. Parikh ceased to be Director w.e.f. 28.09.2020. Two meetings were held during his tenure.
- (10) Maitri Mehta ceased to be Director w.e.f. 12.05.2020.
- (11) None of the Directors have any inter-se relationship among themselves or with any employee of the Company.

• **Core Skills/Expertise/Competencies of the Board of Directors:**

Matrix setting out core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for an efficient functioning and those actually available with the Board and individual Board members:

| Areas of Skills / expertise required | Description | Skills / expertise actually available with the Board | Name of Directors having skills / expertise |
|---|---|--|--|
| Global Business | Understanding of diverse business environment, global dynamics across various geographical markets, industry verticals and regulatory jurisdictions. | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Sunil Kumar Kanojia 4. Jayesh Khatsuria 5. Premnarayan R. Tripathi |
| Textile Industry domain | Hands on experience on Textile industry including sourcing, manufacturing, marketing and business development | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Jayesh Khatsuria |
| Technology/Digital | A strong understanding of technology and innovation, and the development and implementation of initiatives to enhance production | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Pratit A. Patel 4. Sunil Kumar Kanojia |
| Financial and Management accounting | Comprehensive understanding of financial and management accounting and reporting as well as controls and analysis | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Premnarayan R. Tripathi |
| Strategic Planning and management | Ability to think strategically, identify and assess strategic opportunities and threats in light of organisation's strengths and weaknesses, appreciation of long-term trends, strategic choices, experience in guiding and leading management teams to make decisions in uncertain environments. | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Pratit A. Patel 4. Sunil Kumar Kanojia 5. Premnarayan R. Tripathi 6. Yogesh S. Ghatge |
| Sales, Marketing & Brand building | Experience in developing strategies to grow sales and market share, build brand awareness and brand equity and enhance enterprise value and reputation | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Pratit A. Patel 4. Sunil Kumar Kanojia |
| Risk Management and Regulatory Compliance | Regulatory framework knowledge, ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance and taking effective steps for risk mitigation | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Premnarayan R. Tripathi 4. Yogesh S. Ghatge |
| Corporate Governance, ethics and values | Experience in development and application of corporate governance practices and principles, serving and balancing the best interests of all stakeholders, maintaining accountability and responsibilities of Board, and management, building long-term and effective stakeholders engagements, driving corporate ethics and values. | Yes | 1. Rahul A. Patel 2. Amit D. Patel 3. Sunil Kumar Kanojia 4. Premnarayan R. Tripathi 5. Yogesh S. Ghatge |

• **Independent Directors confirmation by the Board**

All the Independent Directors have confirmed that they meet the criteria of independence as laid down under Regulation 16(1)(b) of the SEBI (LODR) Regulations and Section 149(6) of the Companies Act, 2013.

All the independent directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations and they are also independent of the management.

- **Reasons for resignation of Independent Director who resigns before the expiry of tenure :**

During the year under review, Mrs. Maitri K. Mehta, Mr. Mayank U. Devashrayee and Mr. Samuel George, Independent Directors tendered their resignation from the office of director of the Company w.e.f. 12th May, 2020, 3rd October, 2020 and 27th November, 2020 respectively, due to personal reasons and other professional commitments. The Company also received a confirmation from them that their resignations were due to reason cited in their resignation letter and there were no material reason other than that provided in their resignation letters. Dr. Rajesh B. Parikh ceased to be Director of the Company w.e.f. 28th September, 2020 on expiry of Second term of his appointment as an Independent Director.

- **Responsibilities :**

The Board of Directors represents the interest of the company's shareholders, in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholders and reporting to shareholders.

- **Board Meetings:**

4 (Four) Board Meetings were held during the year 2020-21 and the gap between two meetings did not exceed 120 days. The necessary quorum was present in all the meetings. Leave of absence was granted to the concerned directors who could not attend the respective board meeting on request. The dates on which the Board Meetings were held during the Financial Year and attendance on the same are as follows:

| Sr. No. | Date | Board Strength | No. of Directors present |
|---------|----------------------------------|----------------|--------------------------|
| 1 | 25 th June, 2020 | 10 | 10 |
| 2 | 10 th September, 2020 | 10 | 9 |
| 3 | 10 th November, 2020 | 7 | 7 |
| 4 | 11 th February, 2021 | 8 | 8 |

- **Information placed before the Board:**

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of discussions during the Meetings. In order to transact some urgent business, which may come up after circulation agenda papers, the same is placed before the Board by way of Chairman's Agenda.

- **Familiarisation Programme:**

The objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business environment and overall operations of the Company. This enables the non-executive directors to make better informed decisions in the interest of the Company and its stakeholders.

In compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model, etc.

A familiarisation programme was conducted for non-executive directors on areas as such as the core functions of the Company, overview of the industry, financials and the performance of the Company. The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: http://www.sintex.in/wp-content/uploads/2016/07/SIL_familiarisation_programme_for_independent_directors.pdf

II. AUDIT COMMITTEE:

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI Listing Regulations and Section 177 of the Act. The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The committee reviews the reports of the internal auditors and statutory auditors along with the comments and corrective action taken by the management. The Audit Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the committee. The Committee's purpose is to oversee the quality and integrity of accounting, auditing and financial reporting process including review of the internal audit reports and action taken report.

Composition

The Committee's composition meets the regulatory requirements mandated by the Act and SEBI Listing Regulations. The Chairperson of the Audit Committee is a Non-executive and Independent Director. The present composition of the Audit Committee and particulars of meetings attended by them are given below:

| Name of Audit Committee member | Chairperson / Member | Category | No. of Meetings during FY 2020-21 | |
|--|----------------------|-----------------|-----------------------------------|----------|
| | | | Held during the tenure | Attended |
| Premnarayan R. Tripathi ⁽¹⁾ | Chairperson | I & N.E.D. | 1 | 1 |
| Yogesh S. Ghatge ⁽²⁾ | Member | I & N.E.D. | 1 | 1 |
| Amit D. Patel | Member | Promoter & E.D. | 4 | 4 |
| Pratit Patel | Member | I & N.E.D. | 4 | 4 |
| Sunil Kumar Kanojia | Member | I & N.E.D. | 4 | 4 |
| Samuel George ⁽³⁾ | Chairperson | I & N.E.D. | 3 | 3 |
| Mayank U. Devashrayee ⁽⁴⁾ | Member | I & N.E.D. | 2 | 2 |

Notes:

(1) Premnarayan R. Tripathi appointed as a Chairperson of the Committee w.e.f. 23.12.2020.

(2) Yogesh S. Ghatge appointed as a Member of the Committee w.e.f. 23.12.2020.

(3) Samuel George ceased to be Chairperson & Member of Committee w.e.f. 27.11.2020.

(4) Mayank U. Devashrayee ceased to be member of Committee w.e.f. 03.10.2020

During the Financial Year 2020-21, 4 Audit Committee Meetings were held on 25th June, 2020, 10th September, 2020, 10th November, 2020 and 11th February, 2021. The intervening gap between two meetings did not exceed one hundred and twenty days.

The Chief Financial Officer, Internal Auditor and Statutory Auditor are invitees to the Meetings.

The Company Secretary acts as the Secretary to the Committee.

Terms of Reference:

The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by the management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its share holders.

Review of Information by Audit Committee:

1. The Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions submitted by management.
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
4. Internal audit reports relating to internal control weaknesses and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.
6. Statement of deviations

III. NOMINATION AND REMUNERATION COMMITTEE:

The constitution and terms of reference of Nomination and Remuneration Committee of the Company are in compliance with provisions of Companies Act, 2013 and the SEBI Listing Regulations.

(i) Composition:

During the financial year 2020-21, a meeting of the Nomination and Remuneration Committee was held on 25th June, 2020. The Committee considers and approves salaries and other terms of the compensation package for the Managing Directors. The Quorum of the Committee is of two members. The Board of Directors review the Minutes of the Nomination & Remuneration Committee Meetings at its subsequent Board Meetings. The composition of the Committee and the details of meeting attended by the members of the Committee are given below:

| Name of Nomination and Remuneration Committee member | Chairperson / Member | Category | Held during the tenure | No. of meetings attended |
|--|----------------------|------------|------------------------|--------------------------|
| Pratit Patel | Chairperson | I & N.E.D. | 1 | 1 |
| Jayesh Khatsuria | Member | N.E.D. | 1 | 1 |
| Premnarayan R. Tripathi ⁽¹⁾ | Member | I & N.E.D. | N.A. | N.A. |
| Yogesh S. Ghatge ⁽¹⁾ | Member | I & N.E.D. | N.A. | N.A. |
| Samuel George ⁽²⁾ | Member | I & N.E.D. | 1 | 1 |
| Mayank U. Devashrayee ⁽³⁾ | Member | I & N.E.D. | 1 | 1 |

Notes:

(1) Premnarayan R. Tripathi and Yogesh S. Ghatge appointed as members of Committee w.e.f. 23.12.2020.

(2) Samuel George ceased to be member of Committee w.e.f. 27.11.2020.

(3) Mayank U. Devashrayee ceased to be member of Committee w.e.f. 03.10.2020.

(ii) Term of Reference:

The broad terms of reference of Nomination and Remuneration Committee are as under:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of Independent Directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- (e) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- (f) To perform such other functions as may be necessary or appropriate for the performance of its duties.
- (g) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (h) To recommend / review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- (i) To recommend to the board, all remuneration, in whatever form, payable to senior management.

(iii) The Company Secretary acts as the Secretary to the Committee.

• Performance Evaluation Criteria for Independent Directors :

The Nomination and Remuneration Committee had laid down the criteria for performance evaluation of Independent Directors of the Company. The Criteria was set based on Profiles, experience, contribution dedication, regularity, aptitude, preparedness & participation, team work and contribution of each Director to the growth of the Company. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

Remuneration Policy

- Remuneration to Non-Executive Directors:**

The Non-Executive Directors are paid remuneration by way of Sitting Fees and Commission. The Non-Executive Directors are paid Sitting Fees for each Meeting of the Board or Committee as attended by them.

The Non-Executive Directors of the Company are being paid an amount of sitting fees as follows:

| | | |
|----|--|------------------------|
| 1. | Board Meeting | ₹ 84,500/- per meeting |
| 2. | Audit Committee Meeting | ₹ 40,000/- per meeting |
| 3. | Nomination and Remuneration Committee and Stakeholders Relationship Committee Meetings | ₹ 15,000/- per meeting |

Executives Directors are not being paid sitting fees for attending meetings of the Board of Directors/Committees. Other than sitting fees, there were no material pecuniary relationships or transactions by the Company with the Non-Executive and Independent Directors of the Company.

The details of sitting fees paid to the Non-Executive Directors and their shareholding details for the financial year 2020-21 are as follows:

| Name | Sitting Fees paid during FY 2020-21 (In ₹) | | Total (In ₹) | No. of Shares held as on 31 st March, 2021 |
|-------------------------------|--|-----------|--------------|---|
| | Board Meeting | Committee | | |
| Dr. Rajesh B. Parikh | 1,69,000 | - | 1,69,000 | N.A. |
| Sunil Kumar Kanojia | 3,38,000 | 1,60,000 | 4,98,000 | Nil |
| Sudatta Mandal ⁽¹⁾ | 84,500 | - | 84,500 | N.A. |
| Mayank U. Devashrayee | 1,69,000 | 1,25,000 | 2,94,000 | N.A. |
| Samuel George | 2,53,500 | 1,35,000 | 3,88,500 | N.A. |
| Pratit Patel | 3,38,000 | 2,35,000 | 5,73,000 | Nil |
| Jayesh Khatsuria | 3,38,000 | 15,000 | 3,53,000 | Nil |
| Keerti L. Lachhwani | 3,38,000 | - | 3,38,000 | Nil |
| Premnarayan R. Tripathi | 84,500 | 40,000 | 1,24,500 | Nil |
| Yogesh S. Ghatge | 84,500 | 40,000 | 1,24,500 | Nil |

Note :

(1) Sudatta Mandal appointed as Nominee Director on the Board of Directors of the Company w.e.f. 13th August, 2019, representing Export-Import Bank of India ("Exim Bank"). Hence, pursuant to Section 32 of The Export-Import Bank of India Act, 1981 and terms of appointment, the sitting fees payable to Exim bank's Nominee Director for attending meetings of Board/Committee paid directly to Exim Bank. Sudatta Mandal ceased to be Director of the Company w.e.f. 28th October, 2020.

- Remuneration to Executive Directors:**

The Company pays remuneration to its Executive Directors by way of salary, perquisites and allowances (a fixed component) and commission (a variable component) in accordance with provision of the Schedule V read with other provisions of the Act, as approved by the Members.

The Board on the recommendation of the Nomination and Remuneration Committee approves the annual increments. The Board fixes a ceiling on perquisites and allowances as a percentage of salary. Within the prescribed ceiling, the perquisite package is recommended by the Nomination and Remuneration Committee. Commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Nomination and Remuneration Committee, subject to the overall ceiling as stipulated in Section 197 of the Act.

(iv) Service contract, severance fees and notice period

The appointment of the Managing Directors are governed by the Articles of Association of the Company and the Resolution passed by the Board of Directors and the Shareholders of the Company.

No separate Service Contract is entered into by the Company with the Managing Directors.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of the Managing Directors.

Perquisites include house rent allowance; leave travel allowance, gas & electricity, medical and premium for personal accident insurance, contribution to provident fund, superannuation fund and gratuity.

The appointment of the Managing Directors is for a period of 5 years.

IV. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The constitution and terms of reference of Stakeholders' Relationship Committee of the Company are in compliance with provisions of Companies Act, 2013 and SEBI Listing Regulations.

Terms of Reference:

- Oversee and review all matters connected with the transfer of the Company's securities.
- Monitor redressal of investors' / shareholders' / security holders' grievances.
- Oversee the performance of the Company's Registrar and Transfer Agents.
- Recommend methods to upgrade the standard of services to investors.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.
- Resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review measures taken for effective exercise of voting rights by shareholders.
- Review adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the year 2020-21, 4 meetings of "Stakeholders' Relationship Committee" were held on 25th June, 2020, 10th September, 2020, 10th November, 2020 and 11th February, 2021. The Composition of "Stakeholders' Relationship Committee" and the details of the meetings attended by its members are as follows:

| Name of Stakeholders' Relationship Committee member | Chairperson / Member | Category | Held during the tenure | No. of meetings attended |
|---|----------------------|-----------------|------------------------|--------------------------|
| Rahul A. Patel | Member | Promoter & E.D. | 4 | 4 |
| Amit D. Patel | Member | Promoter & E.D. | 4 | 4 |
| Pratit Patel ⁽¹⁾ | Chairperson | I & N.E.D. | 4 | 4 |
| Yogesh S. Ghatge ⁽²⁾ | Member | I & N.E.D. | N.A. | N.A. |
| Mayank U. Devashrayee ⁽³⁾ | Chairperson | I & N.E.D. | 2 | 2 |

Notes:

- (1) Pratit Patel redesignated as Chairperson of Committee w.e.f. 11.02.2021.
- (2) Yogesh S. Ghatge appointed as member of Committee w.e.f. 11.02.2021.
- (3) Mayank U. Devashrayee ceased to be member of Committee w.e.f. 03.10.2020.

- Details of Share Holders' Complaints received and redressed during the year 2020-21:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0 | 5 | 5 | 0 |

- Investors' Grievance Redressal Cell:

The Company has designated the Company Secretary as the compliance officer of the investors' grievance redressal cell. For the purpose of registering complaints by investors, the Company has designated an e-mail ID - share@sintex.co.in .

- The Minutes of the Stakeholders' Relationship Committee are reviewed by the Board of Directors at the subsequent Board Meeting.

V. SHARE AND DEBENTURE TRANSFER COMMITTEE:

The Board of Directors has delegated the power of approving transfer/transmission of shares/dematerialization / rematerialisation of shares and debentures/ issue of duplicate certificates, split up / sub-division, and consolidation of shares, sub-division and other related formalities to the Share and Debenture Transfer Committee comprising of Mr. Rahul A. Patel as Chairperson of Committee and Mr. Amit D. Patel as Member of Committee.

Mr. Hitesh T. Mehta, Company Secretary acts as the Secretary of the Committee.

2 Meetings of the said Committee were held during the Financial Year 2020-21.

VI. GENERAL BODY MEETINGS:

| F.Y. | Meeting and Venue | Day, Date and Time | Special Resolutions passed |
|---------|---|--|--|
| 2017-18 | 87 th Annual General Meeting At Registered office: Kalol (N.G.) 382721 | Monday 17 th September, 2018 11.30 a.m. | i) To approve Employee Stock Option Scheme "Sintex Industries Limited Employee Stock Option Plan – 2018 ("Sintex ESOP 2018")." |
| 2018-19 | 88 th Annual General Meeting At Registered office: Kalol (N.G.) 382721 | Monday 30 th September, 2019 10.30 a.m. | i) Issue of Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds by way of private placement |
| 2019-20 | 89 th Annual General Meeting At Registered office: Kalol (N.G.) 382721 | Monday 28 th September, 2020. 04:00 p.m. (through video conferencing / other audio visual means) | N.A. |

No resolution was passed through Postal Ballot during the Financial Year 2020-21, hence disclosure under this section is not applicable.

Whether any resolutions are proposed to be conducted through postal ballot:

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

VII. SUBSIDIARY COMPANY:

BVM Overseas Limited is the only material unlisted Indian subsidiary company.

The financial statements, in particular the investments made by the unlisted subsidiary company are reviewed quarterly by the Audit Committee of the Company, the minutes of the meetings of subsidiary company are placed before the Company's Board regularly.

The Board of Directors also reviews statement containing all significant transactions and arrangements entered into by the subsidiary company.

The policy for determining Material Subsidiary as approved by the Board may be accessed on the Company's website at the link:
http://www.sintex.in/wp-content/uploads/2019/04/SIL_Latest-material-subsidary-policy-1.pdf

VIII. Credit Rating:

During the year, there is no change in its credit rating. BWR has assigned "BWR D" rating for Company's Non-Convertible Debentures (NCDs).

IX. OTHER DISCLOSURES:**(i) Disclosure on materially significant related party transactions:**

No transactions of material nature have been entered into by your Company with any related parties as per Accounting Standard that may have any potential conflict with the interests of your Company. The related party transactions have been disclosed in the financial section of Annual Report. The Audit Committee reviewed the related party transactions undertaken by the Company in the ordinary course of business.

(ii) Details of non-compliance by the Company:

There were no instances of non-compliance by the Company on any matters related to various capital markets or penalties imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last 3 financial years.

(iii) Code of Conduct:

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management Personnel of the Company, which is also posted on the website of the Company.

Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

(iv) CEO and CFO Certification:

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of the SEBI Listing Regulations.

(v) Code of Conduct to regulate, monitor and report trading by Designated Persons:

Code of Conduct to regulate, monitor and report trading by Designated Persons, as approved by the Board of Directors, inter alia, prohibits purchase / sale of securities of the Company by Designated Persons, while in possession of unpublished price sensitive information in relation to the Company.

(vi) Compliance with the Mandatory Requirements of the SEBI Listing Regulations:

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the SEBI Listing Regulations and has also updated its website under Regulation 46(2) of the SEBI Listing Regulations. It has obtained a certificate affirming the compliances from M/s. Chirag Shah and Associates, a firm of company secretaries in practice, the Company's Secretarial Auditors and the same is attached to this Report.

(vii) Whistle Blower Policy:

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism in line with the requirements under the Act and the SEBI Listing Regulations:

- For employees to report concerns about unethical behavior;
- To establish a mechanism to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Integrity Policy; and
- To ensure that adequate safeguards shall be provided to the whistle blowers against any victimization or vindictive practices like retaliation, threat or any adverse (direct or indirect) action on their employment and direct access to the Chairperson of the Audit Committee in exceptional cases. The Policy also ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

No personnel/ person have been denied access to the Audit Committee. During the year under review, there were no cases pertaining to Whistle Blower Policy.

(viii) Policy on materiality of and dealing with Related Party Transactions approved by the Board of Directors is uploaded on the Company's website at the link: http://www.sintex.in/wp-content/uploads/2016/07/Related_party_transaction_policy.pdf

(ix) Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board approved a Dividend Distribution Policy at its meeting held on July 28, 2016. The policy details various considerations based on which the Board may recommend or declare Dividend, current dividend track record, usage of retained earnings for corporate actions, etc. The policy is available on the Company's website at http://sintex.in/wp-content/uploads/2016/11/Dividend_Distribution_Policy.pdf

(x) The disclosure of commodity exposures in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th, November, 2018 is annexed to this report as Annexure - 1

(xi) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). Not Applicable.

(xii) A certificate has been received from M/s. Chirag Shah & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority, is annexed to this report as Annexure-2.

(xiii) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/ network entity of which the statutory auditor is a part,

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditors and all the entities in the network firm/network entity of which the statutory auditor is a part, for the financial year 2020-21 are as follows:

| Sr. No. | Name of Statutory Auditors | Nature of services | Fees paid (INR in Lakhs) |
|--------------|--|--|--------------------------|
| 1 | M/s. R. Choudhary and Associates, Chartered Accountants, Ahmedabad | Statutory Audit Fees Tax Audit Fees Other Certification fees | 10.00 1.00 0.15 |
| Total | | | 11.15 |

(xiv) The Board had accepted all recommendations of various Committees of the Board, which were mandatorily required to be taken during the period under review.

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

Status of complaints as on 31st March, 2021:

| Sr. No. | Particulars | Number of complaints |
|---------|--|----------------------|
| 1 | Number of Complaints filed during the financial year | 0 |
| 2 | Number of complaints disposed of during the financial year | N.A. |
| 3 | Number of complaints pending as on end of the financial year | N.A. |

(xvi) Others :

The Company has a comprehensive and integrated risk management framework to effectively deal with uncertainty and associated risks and enhances the organisation's capacity to build value. The Risk Management framework of the Company has been designed with an objective to develop a risk culture that encourages identifying risks and responding to them with appropriate actions.

X. MEANS OF COMMUNICATION:

- (i) Financial Results: The annual, half yearly and quarterly results are published in Financial Express (Gujarati) (Ahmedabad Edition) and Financial Express (English) (All Editions).
- (ii) All quarterly results are also posted on our website -www.sintex.in
- (iii) The company's website www.sintex.in contains a separate dedicated Section on Investors' Relation, where shareholder information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- (iv) The management discussion and analysis report is attached with the Directors' Report in this Annual Report.
- (v) Press Releases made by the Company from time to time are also displayed on the Company's website- www.sintex.in .
- (vi) The Company has not made any presentation to institutional investors or to analyst during the year.
 - Considering the impact of COVID-19 and consequent restrictions including that on large gatherings and social distancing, SEBI vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with SEBI vide Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 provided relaxation from sending physical copies of Annual Report to those Members whose email IDs are not registered with the Depository Participants (DPs) and / or with the Company's Registrar and Share Transfer Agent (RTA) and who have opted for physical copies. In view of the same, the Company will send soft copies of Annual Report to those Members whose email IDs are registered with the DPs and / or with the Company's RTA. Also, the same will be available on the Company's website: www.sintex.in

XI. GENERAL SHAREHOLDER INFORMATION:

1. 90th Annual General Meeting

| Day, date and time | Tuesday, 28 th September, 2021, 04.00 p.m. |
|--------------------|---|
| Venue | The Company is conducting meeting through VC / OAVM. |
| Book closure dates | 22.09.2021 to 28.09.2021 |

2. Financial Calendar

The Company follows the period of 1st April to 31st March, as the Financial Year. For the Financial year 2021-22, Financial Results will be announced as per the following tentative schedule:

| | |
|--|-------------------------------|
| 1 st quarter ending on 30 th June, 2021 | Second week of August, 2021 |
| 2 nd quarter ending on 30 th September, 2021 | Second week of November, 2021 |
| 3 rd quarter ending on 31 st December, 2021 | Second week of February, 2022 |
| Year ending on 31 st March, 2022 | Third week of May, 2022 |

Dividend: : In view of loss incurred by the Company during the year under review, the Board of Directors has not recommended dividend for the Year ended on 31st March, 2021.

Listing on Stock Exchanges (As on 31st March, 2021):

| Stock Exchanges / Type of Instruments/ Stock Code | Address | Telephone No. |
|---|--|---------------------------------|
| BSE Limited (BSE) Equity Shares * Equity – 502742 | 25 th Floor, P.J. Towers, Dalal Street, Mumbai – 400 001 | 022-22721233/34 |
| National Stock Exchange of India Ltd. (NSE) Equity Shares * Equity – Sintex EQ | Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 | 022-26598235/36 022-26598346 |
| Singapore Exchange Securities Trading Limited Foreign Currency Convertible Bonds ("FCCB") ISIN: XS1414094927 Stock Code: SINTEX IND US\$110M7%CB220525 | 2 Shenton Way # 19 – 00 SGX Center 1 Singapore 068804 | 00 65-6236 8888 |
| BSE Limited Secured Redeemable Non-Convertible Debentures ("NCD's") 952870 - ₹ 250.00 Cr. 950353 - ₹ 112.50 Cr. 951037 - ₹ 137.50 Cr. | 25 th Floor, P.J. Towers, Dalal Street, Mumbai – 400 001 | 022-22721233/34 |

* Stock code

International Securities Identification Number (ISIN)

ISIN is an identification number for traded shares. This number needs to be quoted in each transaction relating to the dematerialized equity shares of the Company. Your Company's ISIN number for its equity shares is INE429C01035.

Payment of Listing Fees and Depository Fees

Annual listing fee for the year 2020-21 has been paid by the Company to BSE and NSE. Annual Custody/Issuer fee for the year 2020-21 has been paid by the Company to CDSL and NSDL.

3. Location of the depositories

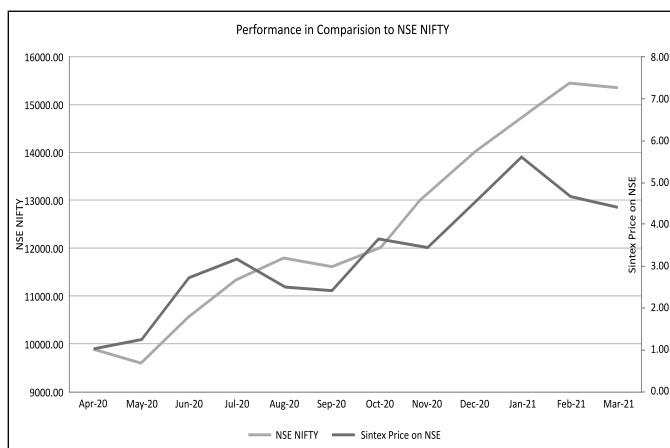
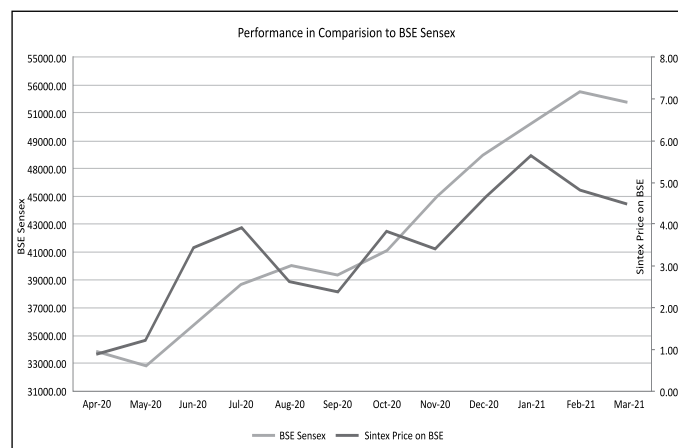
| Depository | Address | Telephone No. |
|--|---|-----------------|
| National Securities Depository Ltd. (NSDL) | Trade World, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 | 022 - 24994200 |
| Central Depository Services (India) Limited (CDSL) | Marathon Futurex, A-Wing, 25 th floor, NM Joshi Marg, Lower Parel, Mumbai - 400013 | 022 - 2302 3333 |

4. Market Price Data

The share price data of the Company from 1st April, 2020 to 31st March, 2021 as compared to BSE Sensex and CNX Nifty are as follows:

| Month | BSE Limited | | | | National Stock Exchange of India Ltd. | | | |
|-----------------|-------------|---------|----------|----------|---------------------------------------|---------|-----------|----------|
| | Share Price | | SENSEX | | Share Price | | CNX Nifty | |
| | High (₹) | Low (₹) | High | Low | High (₹) | Low (₹) | High | Low |
| April, 2020 | 0.97 | 0.61 | 33887.25 | 27500.79 | 1.00 | 0.60 | 9889.05 | 8055.80 |
| May, 2020 | 1.22 | 0.89 | 32845.48 | 29968.45 | 1.25 | 0.90 | 9598.85 | 8806.75 |
| June, 2020 | 3.41 | 1.28 | 35706.55 | 32348.1 | 2.70 | 1.30 | 10553.15 | 9544.35 |
| July, 2020 | 3.93 | 1.76 | 38617.03 | 34927.2 | 3.15 | 1.85 | 11341.40 | 10299.60 |
| August, 2020 | 2.63 | 1.57 | 40010.17 | 36911.23 | 2.50 | 1.60 | 11794.25 | 10882.25 |
| September, 2020 | 2.40 | 1.91 | 39359.51 | 36495.98 | 2.40 | 1.95 | 11618.10 | 10790.20 |
| October, 2020 | 3.82 | 1.72 | 41048.05 | 38410.2 | 3.60 | 1.80 | 12025.45 | 11347.05 |
| November, 2020 | 3.41 | 2.33 | 44825.37 | 39334.92 | 3.45 | 2.35 | 13145.85 | 11557.40 |
| December, 2020 | 4.58 | 3.10 | 47896.97 | 44118.1 | 4.50 | 3.20 | 14024.85 | 12962.80 |
| January, 2021 | 5.65 | 3.63 | 50184.01 | 46160.46 | 5.60 | 3.65 | 14753.55 | 13713.25 |
| February, 2021 | 4.80 | 3.70 | 52516.76 | 46433.65 | 4.70 | 3.70 | 15431.75 | 13661.75 |
| March, 2021 | 4.50 | 3.38 | 51821.84 | 48236.35 | 4.40 | 3.35 | 15336.30 | 14414.25 |

5. Performance in comparison to broad based indices such as BSE Sensex, CRISIL index, etc.



6. Distribution of Shareholding as on March 31, 2021:

| No. of Shares held (Face Value of ₹ 1/- each) | Shareholders | | Shares | |
|---|----------------|---------------|------------------|---------------|
| | Number | % of total | Number | % of total |
| Up to 5000 | 278243 | 94.64 | 180699134 | 30.16 |
| 5001 – 10000 | 8432 | 2.87 | 64752502 | 10.81 |
| 10000 – 15000 | 2421 | 0.82 | 30270922 | 5.05 |
| 15001 – 20000 | 1372 | 0.47 | 25074781 | 4.18 |
| 20001 – 25000 | 871 | 0.30 | 20212329 | 3.37 |
| 25001 – 50000 | 1515 | 0.51 | 55375301 | 9.24 |
| 50001 & Above | 1140 | 0.39 | 222832993 | 37.19 |
| Total | 293994* | 100.00 | 599217962 | 100.00 |

* The shareholding of the promoter and promoter group, public shareholder and non-public non-promoter shareholder has been consolidated on the basis of the PAN as per SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017. Accordingly, there is difference in no. of shareholders mentioned in Shareholding Pattern and Distribution of Shareholding as on 31.03.2021.

7. Categories of Shareholders as on March 31, 2021:

| Category | No. of Shares held | % of Shares held | No. of Shareholders | % of Share Holders |
|--|--------------------|------------------|---------------------|--------------------|
| Promoters Holding | 27181127 | 4.54 | 15 | 0.01 |
| Residential Individuals | 489025765 | 81.61 | 277657 | 96.72 |
| Financial Institutions/Banks | 161051 | 0.03 | 14 | 0.00 |
| Mutual Funds | 0 | 0.00 | 0 | 0.00 |
| NRIs /Foreign Nationals | 17670513 | 2.95 | 3087 | 1.08 |
| FIIS/FPI/Foreign Company | 5472493 | 0.91 | 5 | 0.00 |
| Domestic Companies/Bodies Corporate | 32212641 | 5.38 | 766 | 0.27 |
| Trusts/Clearing Members/Others | 25590616 | 4.27 | 5517 | 1.92 |
| Investor Education And Protection Fund | 813709 | 0.14 | 1 | 0.00 |
| Insurance Companies | 1090047 | 0.18 | 1 | 0.00 |
| TOTAL | 599217962 | 100.00 | 287063 | 100.00 |

8. Dematerialization of Shares:

The Equity Shares of Sintex Industries Ltd are compulsorily traded in dematerialized form. A total number of 59,72,06,421 Equity Shares of the Company constituting about 99.66% of the subscribed and paid-up share capital were in dematerialized form as on March 31, 2021. The Company's Equity Shares are frequently traded on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE).

9. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:**(a) Issue of Foreign Currency Convertible Bonds (FCCBs):**

The Company has raised USD 110 million step down foreign currency convertible bonds (FCCBs) due 2022. The bondholders are entitled to apply for equity shares at a price of ₹ 92.16 (reset pursuant to meeting of FCCB Committee of the Board of Directors on 14th September, 2016) per share with a fixed rate of exchange on conversion of ₹ 67.4463 to USD 1. Outstanding FCCBs pending for conversion as on 31st March, 2021 is USD 6.50 Million. After conversion of aforesaid FCCBs, paid up capital of the Company will increase by 47,56,970 equity shares of ₹ 1/- each amounting to ₹ 47.57 Lacs.

10. Registrar and Share Transfer Agent (RTA):

The Company has appointed M/s. Bigshare Services Private Limited as a Registrar and Share transfers Agent w.e.f. 9th January, 2021 in place of M/s. Link Intime India Pvt Ltd.

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. M/s. Bigshare Services Private Limited w.e.f. 9th January, 2021.

M/s Bigshare Services Private Limited

A-802, Samudra Complex, Near Klassic Gold Hotel,
Off C.G Road, Navrangpura, Ahmedabad - 380009
Tel No.: 079-40024135
Email : bssahd@bigshareonline.com
Website: www.bigshareonline.com

11. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends individual communication to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website www.sintex.in

12. Share Transfer System

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

Nomination :

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

13. Reconciliation of Share Capital Audit:

A qualified practicing Company Secretary carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report mentions that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL, as depositories.

The Company has also obtained Certificate confirming due compliance of share transfer formalities by the Company pursuant to Regulation 40(9) of the SEBI Listing Regulations for half year ended 30th September, 2020 and 31st March, 2021 from a Practicing Company Secretary and submitted the same to the stock exchanges within stipulated time:

14. Plant Locations:

The Company's plants are located at Kalol (N.G.) and Taluka Jafarabad, Amreli District, Lunsapur (Gujarat).

XII. Address for Correspondence / Investor Relationship Cell :

All Communications may be sent to Company Secretary at the following address:

Sintex Industries Limited
7th Floor, Abhijit Building-I, Mithakhali Six Road. Ellisbridge,
Ahmedabad-380006, Gujarat
Email : share@sintex.co.in
Tel.: +91-6358855979

XIII. Name and contact details of Debenture Trustees:

Vistra ITCL (India) Limited
The IL&FS Financial Center
Plot No. C-22, G Block, 7th Floor, Bandra Kurla Complex
Bandra (East), Mumbai 400051
Tel.: +91 22 2659 3535
Fax : +91 22 2653 3297
Email : mumbai@vistra.com
Website : <https://vistraitcl.com>

XIV. Registrar and Share Transfer Agent (RTA) (Debt Instruments)**Link Intime India Private Limited**

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West), Mumbai - 400083.

Tel.: 022-4918 6270

E-mail : mumbai@linkintime.co.in

XV. Non-mandatory Requirements:

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

- Reporting of Internal Auditor

The Internal Auditors of the Company regularly report their findings of the internal audit to the Audit Committee Members.

Declaration:

It is hereby declared that the Company has obtained affirmation from all the Members of the Board and Senior Management personnel that they have complied with the "Code of Conduct and Ethics for Board Members and Senior Management" for the year ended on 31st March 2021.

On behalf of the Board (suspended during CIRP)

Pinakin Shah

Interim Resolution Professional

(IP Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248)

Place: Ahmedabad

Date: 29th June, 2021

Annexure - 1

Disclosure of commodity exposures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Risk management policy of the listed entity with respect to commodities including through hedging :

The Company is managing commodity risk through team and competence building by creating a pool of commodity specialist. Specialist team, through its ground presence, Market research, and close co-ordination with vendors understand the market and manages the risk of commodity prices.

In agricultural commodity market, cotton is more prone to fluctuations and volatility. India is the largest cotton producing country in the world. Gujarat is the largest cotton producing state and Amreli is a largest cotton producing district in the state. The Company has set up its spinning unit in the cotton belt and Gujarat's largest cotton producing district, Amreli. Hence, the Company predominantly uses local to produce its yarns in the product basket.

Quality of cotton fibres affects spinning performance and quality of products. Hence, the Company's prime importance and highest priority is to pay attention towards procurement and quality management of cotton bales.

2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

- a) Total exposure of the listed entity to commodities in INR
b) Exposure of the listed entity to various commodities:

| Commodity Name | Exposure in INR towards the particular commodity | Exposure in Quantity terms towards the particular commodity | % of such exposure hedged through commodity derivatives | | | | |
|----------------|--|---|---|----------------|----------------------|----------------|----------------|
| | | | Domestic market | | International market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Cotton | ₹ 1013 Crores (Approx.) | 0.876 Lacs Tonnes (Approx.) | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

c) Commodity risks faced by the listed entity during the year and how they have been managed :

We at Sintex are conscious about the challenges posed by Cotton as an agri-commodity inter-alia from both agronomic as well as economic developments. The assessment of cotton volatility in terms of price, quantity and quality is a challenging task. However, the company is pro-actively connected to ground realities, which helps to tackle the price volatility in a better manner. The Company has embarked upon the following broad strategy to mitigate and control the variable posed by the price volatility.

1. Team and competence building – Creation of a pool of cotton specialist:

- The company has created the focus group of cotton specialist with wide and long experience in cotton both globally as well as in Indian market.
- These groups are working on the company's front end and evaluates cotton situation by first-hand information at field and ginner levels. They contribute to the procurement strategy by getting information on regular basis.
- Further, with the thrust to create a team for future, the competence building through regular on job training, creating global benchmarking and bringing in young and experienced talent is an ongoing effort.

2. On the ground presence: Seeing is believing

- Crop Survey:** The Company is conducting structured field visit and crop survey in major cotton producing areas, to assess the company's own cotton plant estimation and likely demand-supply situation. The ginner and other vendor supply chain base associated with the company over time helps to get on real-time ground information from field to market.
- Similarly, the team keeps tab on the global cotton exporting countries like USA, Brazil, Australia, and also some of the African countries to take stock of the situation first hand both from the point of view of assessing their practices, strategy and fundamentals including supply and quality prospects.
- Over the period, the company has developed strong networking and supplier relations with the leading cotton growers in USA like JG Boswell, Auscott and Queensland cotton in Australia, Olam, leading cotton trader from Africa, Israel cotton board in Israel, Group Amaggi and Grupo Bom Futuro in Brazil to name a few. Similarly, the company has developed business relations with large multinational commodity companies, like Allenberg, Dryfuss, Glencore, Otto Stadlander, Reinhart, Olam, Ecom again to name a few. These networking and business tie up helps the company to get the global market information on real time basis.

3. Market research approach: Raw material procurement department is in the process of developing strong database and logical approach to create scenario building and cyclical analysis to formulate season to season buying strategy.

- Apart from the domestic markets, the company constantly keep a track the global prices both physical as well as on ICE futures, ZCE futures, MCX futures combined with the crops emerging from Northern, Southern hemisphere including Franco zone.
- The company constantly evaluates various financial tools like warehousing as Sintex increases its exposure to volume cotton procurement for its different unit/s.

4. Locational advantages: our manufacturing plant set up in the vicinity to the port of Pipavav as well as the major cotton growing areas in Gujarat offers least logistic cost advantage on its raw material procurement both from imports as well as local purchases compared to its industry competition.

5. Efficient and reliable vendor base: Due care and structured process approach is taken to take on board the reliable and competent global as well as domestic vendor base with due diligence. This helps the company to ensure that contractual obligations are adhered to including timely and quality deliveries.

6. **Collaborated approach:** Importantly, we have followed collaborated approach from demand side to end user perspective to pre-assess its future quality/quantities needs of cotton. Regular interaction with different stakeholders is undertaken within the company to achieve the benefit of collective wisdom.

Risk mitigation:

The Company is managing commodity risk through team and competence building by creating a pool of commodity specialist. Specialist team, through its ground presence, Market research, a close co-ordination with vendors, understand the market and manages the risk of commodity prices.

This year the company has not procured imported cotton and the company relied on domestic Indian cotton.

Sintex's cotton procurement team effectively carried out crop surveys and frequent visits to ginners in the local vicinity to monitor cotton price and quality aspects. The company could interact with cotton growers, ginners due to location of the Company's spinning unit in the heart of cotton producing area. The team also assessed buying trends by leading mills, cotton quoted prices by exporters, financial situation of the ginners, close co-ordination with vendors and cotton arrival trends etc. Procurement head kept vigil on the price trends by taking help of market research and online commodity database of various agencies.

Annexure - 2

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
SINTEX INDUSTRIES LIMITED
Kalol - 382721,
Dist. Gandhinagar, Gujarat.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SINTEX INDUSTRIES LIMITED having CIN L17110GJ1931PLC000454 and having registered office at Dist. Gandhinagar, Kalol, Gujarat, 382721 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, the application made by Financial Creditor has been admitted under the provision of Corporate insolvency Resolution Process under the IBC Code 2016 and board is under Suspension Mode.

We hereby certify that none of the below Directors of the Company have been debarred or disqualified by any statutory Authority(ies) in writing.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|-----------------------------------|----------|--------------------------------|
| 1 | Mr. Amit Dineshchandra Patel | 00171035 | 21/10/1993 |
| 2 | Mr. Rahul Arunprasad Patel | 00171198 | 21/10/1993 |
| 3 | Mr. Sunil Kumar Kanojia | 00490259 | 30/10/2017 |
| 4 | Mr. Premnarayan Ramanand Tripathi | 06818747 | 23/12/2020 |
| 5 | Mr. Yogesh Sakharam Ghatge | 08755299 | 23/12/2020 |
| 6 | Mr. Pratit Ashvinbhai Patel | 07841812 | 13/11/2019 |
| 7 | Mr. Jayesh Hasmukhrai Khatsuria | 08626274 | 07/12/2019 |
| 8 | Ms. Keerti Laxman Lachhwani | 08757712 | 25/06/2020 |

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

For, Chirag Shah and Associates

Chirag Shah

Membership No.: 5545

C P No.: 3498

UDIN : F005545C000541124

Place: Ahmedabad
Date: 29th June, 2021

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Sintex Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sintex Industries Limited ("the Company") for the year ended on March 31, 2021 as stipulated in the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, pursuant to the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the Efficiency or effectiveness with which the management has conducted the affairs of the Company.

Chirag Shah
Partner
Chirag Shah and Associates
FCS No. 5545
C P No.: 3498
UDIN : F005545C000541168

Date: 29th June, 2021
Place: Ahmedabad

CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) Pursuant to Clause 17(8) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

This is to certify to Board that-

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and We have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which We are aware and the steps We have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which We have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Sintex Industries Limited

Rahul A. Patel
Managing Director
(DIN: 00171198)

For Sintex Industries Limited

Hitesh Dihiye
Chief Financial Officer

Place: Ahmedabad
Date: 29th June, 2021

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of **Sintex Industries Limited**

Report on the Audit of the Standalone Financial Statements

Auditor's Opinion

We have audited the accompanying standalone financial statements of **Sintex Industries Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, Loss, total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 standalone financial statements.

Emphasis of Matter

- i. We draw attention to Note 19(i) to the standalone financial statement, with respect to continuing default in payment of dues, most of the lenders have sent notices / letters recalling their loans given and called upon the Company to pay entire dues and other liabilities. Hence in view of the said facts & considering the matter of prudence, whole of the long-term borrowing outstanding as on 31st March 2021 has been classified as current borrowings.
- ii. We draw attention to Note 35 to the standalone financial statement, which states that the company's credit rating has been downgraded (Company's credit rating is "BWR D" from Brickwork Ratings India Pvt. Ltd. for Non-Convertible Debentures), which may substantially impair its ability to raise or generate funds to repay its obligations. As mentioned in the same note, The company has defaulted in debt obligation of debentures aggregating to ₹ 500.00 Crores for the period April,19 to 6th April,2021 (date of admission in Corporate Insolvency Resolution Process) apart from other credit facilities. However, Company has made provision for interest for the period April,2019 to March,2021. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against the Company by Invesco Asset Management (India) Private Limited (Financial Creditor) for default amount of ₹ 15,00,00,000/- (Principal amount) has been admitted against the Company vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 06.04.2021. Mr. Pinakin Shah (having registration no. IBBI/IPA-002/IP-N00106/2017-18/10248) has been appointed as Interim Resolution Professional by the Honourable National Company Law Tribunal, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code 2016 and moratorium period under Section 14 of the Insolvency and Bankruptcy Code 2016 is declared.
- iii. We draw attention to Note 36 to the standalone financial statement, with respect to impairment of assets. As described in the said note, the company has discontinued the manufacturing operations of structured fabrics (except bleaching facility) at Kalol effective from 1st July, 2019 on account of high cost of operations. The management of the company has assessed that any provision needs to be recognised on account of the impairment of assets in respect of property , plant and equipment of its Textile Division. The higher of Textile Division assets fair value (less cost of disposal) and its value in use as per valuation report obtained from approved valuer as on 30th September,2020 and is found lower than its carrying amount as per books of accounts of the company and hence the Company has recognised impairment loss of ₹ 426.64 crores for the year. Therefore, the impairment loss has been shown under "Exceptional Item".
- iv. We draw attention to Note 37 to the standalone financial statement, with respect to conversion of Foreign Currency Convertible Bond (FCCB) into equity shares. As mentioned in the said note during the year 31st March, 2021, FCCBs aggregating to USD 7 Million have been converted into 5122874 equity shares resulting in increase in equity share capital by ₹ 0.51 crores and security premium by ₹ 46.70 crores. There are USD 6.5 Million FCCBs outstanding for conversion as on 31st March, 2021. Further, the company has defaulted in payment of interest amounting to USD 0.46 Million for the period 25th May, 2019 to 25th Nov, 2020.
- v. We draw attention to Note 42 to the standalone financial statement, with respect to recognition of deferred tax assets. As stated in the said Note, deferred tax asset has not been recognized in view of losses during the year.
- vi. We draw attention to Note 49 to the standalone financial statement, with respect to realization of subsidies aggregating to ₹ 210.96 Crores. As per the information and explanations furnished to us, the management is taking necessary actions for realization of these subsidies and as stated in the said Note, management is perusing for recovery of this amount of subsidy.
- vii. We draw attention to Note 52 to the standalone financial statement, with respect to confirmation of balances. As stated in the said note Confirmation of

balances (other than related party) in respect of amounts due from trade receivables, capital advances given and loans and advances granted as well as for the amounts due to/payables to trade payables have not been obtained and/or received by the company and, therefore, these balances remained unconfirmed. The process of obtaining confirmation from these parties could not be undertaken due to Covid 19, and will be now initiated by the management of the company and adjustments, if any required on reconciliation of balances on receipt of confirmations, shall be made subsequently. However, the management believes that the effect of such adjustments/discrepancies shall not be material.

- viii. We draw attention to Note 54 to the standalone financial statement with respect to forensic audit. Further, South Indian Bank Limited, Axis Bank, Karnataka Bank and Punjab & Sind Bank ("Banks") purportedly report NPA account of the Company as Fraud to Reserve Bank of India on the basis of forensic audit report issued by forensic auditor appointed by lead consortium bank.

The Company has clarified that it had not received prior intimation from PNB as to conclusion of fraud in its NPA account and also the Company has not received forensic audit report including basis for declaring the account of the Company as Fraud. The Company is in the process of adopting pro-active steps for enquiry with PNB. Against the reporting by Banks purporting to declare fraud to the Reserve Bank of India, the Hon'ble Delhi High Court on application of the Company granted relief of 'stay' in relation to the impugned action of lenders declaring fraud in the account of the Company to the Reserve Bank of India or any further steps pursuant thereto.

We are not made available with forensic audit report of the forensic auditor and are not aware about the any processes adopted by the company with banks for any enquiry. Further Management is of the view that classification of fraud by forensic auditor is unjust and unfair. We are not affirming the same.

- ix. We draw attention to Note 55 to the standalone financial statement regarding nation wide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. It is stated in the said note that The Company's operations were impacted in the month of March 2020 due to shutdown of Lunsapur plant following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Company is monitoring the situation closely. From 12th April 2020, operations have commenced in a phased manner with enforcement of strict working restrictions. The Company stabilises its operations in spite of COVID-19 challenges. The Company scale up its operations and have been working at 90% capacity comprising of more than 6 lakhs spindles during the end of the financial year. The scale up of operations is subject to substantial volatility in market and risk averseness due to 2nd and 3rd wave of Covid 19 for which company will keep updated.
- x. We draw attention to Note 56 to the standalone financial statement, wherein it is mentioned that the Company has outstanding advances of ₹ 531.91 crores receivables from Sintex Prefab & Infra Limited. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against Sintex Prefab & Infra Limited by Bank of Baroda (Financial Creditor) has been admitted vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 24.02.2021. The Company has submitted claims of ₹ 531.91 crores to Mr. Chandra Prakash Jain (IRP of Sintex Prefab & Infra Limited) on 16.03.2021.
- xi. We draw attention to Note 57 to the standalone financial statement, with respect to insurance claim receivable. The insurance claim receivable includes insurance claim of ₹ 23.11 crores of F.Y. 2016-17 is outstanding as on 31st March, 2021. The insurance company has repudiated claim pertaining to FY 2016-17. Management of company has filed reply against the same and is hopeful of settling the claims in full. The Company has initiated legal proceedings against the same.
- xii. We draw attention to Note 58 to the standalone financial statement, with respect to defaulted in repayment of principal and interest payments. The period and amount of continuing default as on the Balance sheet date are as under:

(₹ in Crores)

| Name of lenders | Principal | Interest | Period to which it relates |
|---|-----------|----------|----------------------------|
| Banks / NBFCS | | | |
| Punjab National Bank (Including Oriental Bank of Commerce & United Bank of India) | 827.07 | 151.09 | May'19 to Mar'21 |
| Punjab Sind Bank | 211.72 | 39.71 | |
| Bank of India | 264.73 | 101.41 | |
| Bank of Baroda (Including Dena Bank & Vijaya Bank) | 318.18 | 188.37 | |
| Canara Bank (Including Syndicate Bank) | 294.39 | 70.21 | |
| Union Bank of India (Including Andhra Bank) | 53.44 | 119.33 | |
| South Indian Bank | 19.83 | 56.89 | |
| Karnataka Bank | 7.92 | 19.73 | |
| Central Bank of India | 24.90 | 59.35 | June'19 to Mar'21 |
| IDBI Bank | 50.00 | 16.06 | |
| Axis Bank Ltd | 82.41 | 14.51 | |
| Canbank Factors Limited | 5.54 | 0.97 | |
| The Federal Bank Limited | 13.28 | 2.16 | |
| UCO Bank Limited | 0.42 | 0.07 | |
| State Bank of India | 16.49 | 47.10 | Aug'19 to Mar'21 |
| Abu Dhabi Commercial Bank | - | 10.97 | Oct'19 to Mar'21 |
| DZ Bank AG | 47.59 | 7.30 | |
| Financial Institution | | | |
| Export Import Bank of India | 169.38 | 107.54 | Jun'19 to Mar'21 |
| Non Convertible Debentures | 483.33 | 98.60 | Jun'19 to Mar'21 |

xiii. We draw attention to Note 60 to the standalone financial statement, with respect to events occurring after balance sheet date. As per that note the factory plant situated at Taluka Jafarabad, Lunsapur, Amreli, Gujarat is severely damage due to Cyclone Tauktae on 17th May, 2021 and 18th May, 2021. The expected quantum of loss / damage due to Cyclone Tauktae and estimated impact on the production / operations is under process of determination. The loss / damage is covered by the Insurance and the Company has intimated about the incident of severe damage due to Cyclone Tauktae to the Insurance Company.

Our Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The Company's Board of Directors and IRP are responsible for the other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's and Interim Resolution Professional's Responsibility for the Standalone Financial Statement

The Company's Board of Directors and Interim Resolution Professional are responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no 51 to the standalone financial statements;
 - ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the investor's education and protection fund by the company.

For, R Choudhary & Associates
Chartered Accountants
Firm Regn. No: 101928W

Place : Ahmedabad
Date : 29th June, 2021
UDIN : 21133388AAAAMH9887

K M Chaudhary
(Partner)
M. No.: 133388

ANNEXURE A - to the Independent Auditors' Report

Annexure to Independent Auditors' Report for the period ended March 2021

(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

(i) Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a program of physical verification of its property, plant and equipment to cover all the items of property, plant and equipment in a phased manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the title deeds and other records examined by us, we report that the title deeds in respect of all the immovable properties comprising of freehold land and buildings are held in the name of the Company except in respect of freehold lands having aggregate cost of ₹ 436.81 Crores, for which documents in favor of the Company are not executed as at end of the year. (Refer Note - 53 to Standalone financial statements)

(ii) Inventories

As explained to us, the inventories, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) Loans given

According to Information and explanations given to us, the Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

(iv) Compliance of Sec. 185 & 186

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 185 & 186 of the companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) Public Deposit

According to Information and explanations given to us, the company has not accepted any deposits from the public during the year and in respect of unclaimed deposits, the company has complied with the provision of section 73 to 76 or any other relevant provisions of the companies Act, 2013.

(vi) Cost Records

The company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of service carried out by the company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) Statutory Dues

According to the information and explanations given to us, in respect of statutory dues:

- a) The Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Income-tax, Goods and Service Tax, Customs duty, cess and other material statutory dues applicable to it to the appropriate authorities.
- b) No undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2021 for a period of more than six months from the date they became payable except ₹ 0.09 crore of Provident fund which is pending to be paid as the PAN and/or Aadhar of new joinee were not available so their PF(UAN) was not generated.
- c) According to the information and explanations given to us, there are no dues of income tax, sales tax, excise duty, and Goods and Service Tax on account of any dispute, which have not been deposited.

(viii) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks, financial institutions and debenture holders. Lender wise details of defaults in repayment of borrowing (Term Loan & Working Capital) and interest are given below.

(₹ in Crores)

| Name of lenders | Principal | Interest | Period to which it relates |
|---|---------------|--------------|----------------------------|
| Banks / NBFCs | | | |
| Punjab National Bank (Including Oriental Bank of Commerce & United Bank of India) | 827.07 | 151.09 | May'19 to Mar'21 |
| Punjab Sind Bank | 211.72 | 39.71 | |
| Bank of India | 264.73 | 101.41 | |
| Bank of Baroda (Including Dena Bank & Vijaya Bank) | 318.18 | 188.37 | |
| Canara Bank (Including Syndicate Bank) | 294.39 | 70.21 | |
| Union Bank of India (Including Andhra Bank) | 53.44 | 119.33 | |
| South Indian Bank | 19.83 | 56.89 | |
| Karnataka Bank | 7.92 | 19.73 | |
| Central Bank of India | 24.90 | 59.35 | June'19 to Mar'21 |
| IDBI Bank | 50.00 | 16.06 | |
| Axis Bank Ltd | 82.41 | 14.51 | |
| Canbank Factors Limited | 5.54 | 0.97 | |
| The Federal Bank Limited | 13.28 | 2.16 | |
| UCO Bank Limited | 0.42 | 0.07 | Aug'19 to Mar'21 |
| State Bank of India | 16.49 | 47.10 | |
| Abu Dhabi Commercial Bank | - | 10.97 | Oct'19 to Mar'21 |
| DZ Bank AG | 47.59 | 7.30 | |
| Export Import Bank of India | 169.38 | 107.54 | Jun'19 to Mar'21 |
| Non Convertible Debentures | 483.33 | 98.60 | Jun'19 to Mar'21 |

- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instrument) any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to information & explanations given to us, no managerial remuneration has been paid by the company to its directors during the year is in accordance with provisions of Section 197 of the Act read with schedule V to the Act.
- (xii) The company is not a Nidhi Company and hence reporting under clause (xii) of the paragraph 3 of the order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- (xiv) During the year, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore paragraph 3 (xiv) of the order is not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with its directors or persons connected with him and hence paragraph 3 (xv) of the order is not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, R Choudhary & Associates
Chartered Accountants
Firm Regn. No: 101928W

Place : Ahmedabad
Date : 29th June, 2021
UDIN : 21133388AAAAMH9887

K M Chaudhary
(Partner)
M. No.: 133388

ANNEXURE B - The Independent Auditors' Report

of even date on the Standalone Financial Statements of Sintex Industries Limited.

(Referred to in Paragraph 2(F) under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

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

We have audited the internal financial controls with reference to Financial Statements of Sintex Industries Limited ("the Company") as of 31 March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2021, based on, "the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For, R Choudhary & Associates
Chartered Accountants
Firm Regn. No: 101928W

Place : Ahmedabad
Date : 29th June, 2021
UDIN : 21133388AAAAMH9887

K M Chaudhary
(Partner)
M. No.: 133388

Standalone Balance Sheet as at March 31, 2021

(₹ in crores)

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|------|----------------------|----------------------|
| I ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 7,303.51 | 8,011.06 |
| (b) Capital work-in-progress | | 1,066.25 | 1,065.12 |
| (c) Intangible assets | 5 | 1.60 | 2.41 |
| (d) Financial assets | | | |
| (i) Investments | 7 | 40.16 | 40.08 |
| (ii) Loans | 8 | 3.81 | 3.54 |
| (e) Other non-current assets | 9 | 383.49 | 384.01 |
| (f) Non-current tax assets (net) | 10 | 2.03 | 46.90 |
| Total non-current assets | | 8,800.85 | 9,553.12 |
| Current assets | | | |
| (a) Inventories | 11 | 146.19 | 119.09 |
| (b) Financial assets | | | |
| (i) Investments | | - | - |
| (ii) Trade receivables | 12 | 128.24 | 163.63 |
| (iii) Cash and cash equivalents | 13 | 20.05 | 11.38 |
| (iv) Bank balances other than (iii) above | 14 | - | - |
| (v) Loans | 15 | 67.53 | 62.08 |
| (c) Other current assets | 16 | 697.18 | 648.63 |
| Total current assets | | 1,059.19 | 1,004.81 |
| TOTAL ASSETS | | 9,860.04 | 10,557.93 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 17 | 59.92 | 59.41 |
| (b) Other equity | 18 | 1,814.48 | 3,070.11 |
| Total equity | | 1,874.40 | 3,129.52 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 0.00 | 0.00 |
| (b) Provisions | 20 | 4.37 | 5.44 |
| (c) Deferred tax liabilities (Net) | 21 | 0.00 | 0.00 |
| Total non-current liabilities | | 4.37 | 5.44 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 22 | 1,603.45 | 1,487.71 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of Micro and Small Enterprise | 23 | 3.47 | 4.08 |
| (b) Total outstanding dues of creditors other than micro and small enterprise | 23 | 107.37 | 168.58 |
| (iii) Other financial liabilities | 24 | 6,258.84 | 5,753.96 |
| (b) Other current liabilities | 25 | 2.85 | 3.37 |
| (c) Provisions | 26 | 5.29 | 5.27 |
| Total current liabilities | | 7,981.27 | 7,422.97 |
| Total liabilities | | 7,985.64 | 7,428.41 |
| TOTAL EQUITY AND LIABILITIES | | 9,860.04 | 10,557.93 |

See accompanying notes 1 to 62 to the standalone financial statements

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Standalone Statement of Profit and Loss for the year ended March 31, 2021

(₹ in crores)

| Particulars | Note | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|------|--------------------------------------|--------------------------------------|
| I Revenue from operations | 27 | 1,689.15 | 1,634.92 |
| II Other Income | 28 | 55.01 | 27.51 |
| III Total Income (I+II) | | 1,744.16 | 1,662.43 |
| Expenses: | | | |
| (a) Cost of materials consumed | 29 | 1,110.24 | 1,103.42 |
| (b) Changes in inventories of finished goods and work-in- progress | 30 | 5.21 | 79.55 |
| (c) Employee benefits expense | 31 | 134.40 | 157.50 |
| (d) Finance costs | 32 | 794.92 | 742.03 |
| (e) Depreciation and amortisation expense | 6 | 281.75 | 284.40 |
| (f) Other expenses | 33 | 292.97 | 630.20 |
| IV Total expenses | | 2,619.49 | 2,997.10 |
| V Profit /(Loss) before tax and Exceptional Items (III-IV) | | (875.33) | (1,334.67) |
| VI Exceptional Items | 34 | 426.64 | - |
| VII Profit /(Loss) before tax (V-VI) | | (1,301.97) | (1,334.67) |
| VIII Tax expense: | | | |
| (a) Current tax expense | | - | - |
| (b) Short/(Excess) provision of tax for earlier years | | (0.15) | (6.12) |
| (c) Deferred tax charge/(credit) | | - | (78.57) |
| | | (0.15) | (84.69) |
| IX Profit after tax for the year (VII-VIII) | | (1,301.82) | (1,249.98) |
| Other comprehensive income | | | |
| A (i) Items that will not be reclassified to Statement of Profit and Loss | | | |
| (a) Equity instruments through other comprehensive income | | 0.08 | (1.00) |
| (b) Remeasurement of the defined benefit plans | | (0.59) | (1.19) |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss | | - | - |
| B (i) Items that will be reclassified to Statement of Profit and Loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to Statement of Profit and Loss | | - | - |
| X Other comprehensive income for the year (A(i+ii)+B(i+ii)) | | (0.51) | (2.19) |
| XI Total Comprehensive income for the year (IX+X) | | (1,302.33) | (1,252.17) |
| XII Earnings per share (face value of ₹ 1/- each): | | | |
| (a) Basic (in ₹) | 44 | (21.88) | (21.04) |
| (b) Diluted (in ₹) | 44 | (21.88) | (21.04) |

See accompanying notes 1 to 62 to the standalone financial statements

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Standalone Statement of Cash Flows for the year ended March 31, 2021

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| A Cash flow from operating activities | | |
| Net profit before tax and Exceptional Item | (875.33) | (1,334.67) |
| Adjustments for: | | |
| Unrealised Forex Loss | 0.75 | 40.73 |
| Provision for advances and Subsidy and Bad Debts written off | 21.04 | 228.41 |
| Interest income | (8.50) | (15.15) |
| Depreciation and amortisation expenses | 281.75 | 284.40 |
| Finance cost | 794.92 | 742.03 |
| Loss/(gain) on sale/ impairment of property, plant and equipment | - | 0.04 |
| Operating profit before working capital changes | 214.64 | (54.21) |
| Adjustments for increase/decrease in Operating Assets/ Liabilities: | | |
| Trade receivables, loans and other assets | (77.71) | 301.69 |
| Inventories | (27.10) | 121.44 |
| Trade payables, other liabilities and provisions | (60.31) | (167.59) |
| Cash generated from operations | 49.52 | 201.33 |
| Direct taxes (paid)/Refund | 45.02 | 16.71 |
| Net cash generated from operations (A) | 94.54 | 218.05 |
| B Cash flow from investing activities | | |
| Purchase of property, plant and equipment/addition to capital-work-in progress(net) | (0.63) | (117.43) |
| Sale of fixed assets | - | 1.40 |
| (Purchase)/sale of current investments | - | 0.53 |
| Interest received | 8.59 | 15.94 |
| Net cash used in investing activities (B) | 7.96 | (99.56) |
| C Cash flow from financing activities | | |
| Repayments of long term borrowings | (8.39) | (253.34) |
| Net increase/(decrease) in working capital borrowings | - | 272.43 |
| Interest Paid | (85.25) | (199.81) |
| Dividend paid | (0.19) | (0.11) |
| Net cash generated from financing activities (C) | (93.83) | (180.83) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 8.67 | (62.34) |
| Cash and cash equivalents at the beginning of the year | 11.38 | 73.72 |
| Cash and cash equivalents at the end of the period | 20.05 | 11.38 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 "Statement of Cash Flows".

- Cash and cash equivalents comprises of

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| (a) Balance with banks | 18.37 | 5.55 |
| (b) Cash on hand | 0.57 | 0.43 |
| (c) Bank deposits with upto 3 months maturity | 0.38 | 4.48 |
| | 19.32 | 10.46 |
| Other bank balances | | |
| Earmarked balances with banks | | |
| - Unclaimed dividend accounts | 0.73 | 0.92 |
| | 0.73 | 0.92 |
| Cash and cash equivalents in Cash flow statement | 20.05 | 11.38 |

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Standalone Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share Capital (₹ in crores)

| Particulars | Amount |
|---|--------|
| Balance as at 1st April, 2019 | 59.41 |
| Changes in equity share capital during the year | - |
| Balance as at March 31, 2020 | 59.41 |
| Changes in equity share capital during the year | 0.51 |
| Balance as at March 31, 2021 | 59.92 |

B. Other equity (₹ in crores)

| Particulars | Equity component of compound financial instruments (FCCBs) | Reserves and surplus | | | | Item of other comprehensive income | Total |
|---|--|----------------------|------------------------------|-----------------|-------------------|---|------------|
| | | Securities premium | Debenture redemption reserve | General reserve | Retained earnings | Equity instruments through other comprehensive income | |
| Balance as at April 1, 2019 | 14.54 | 1,116.01 | 111.03 | 428.58 | 2,675.22 | (8.56) | 4,336.82 |
| Profit for the year | - | - | - | - | (1,249.98) | - | (1,249.98) |
| Other comprehensive income for the year, net of income tax -Equity Instruments through Other Comprehensive income | - | - | - | - | - | (1.00) | (1.00) |
| Remeasurement of net defined benefit plan | - | - | - | - | (1.19) | - | (1.19) |
| Total comprehensive income/ (loss) for the year | - | - | - | - | (1,251.17) | (1.00) | (1,252.17) |
| Transfer to FCCBs | (14.54) | - | - | - | - | - | (14.54) |
| Balance as at March 31, 2020 | - | 1,116.01 | 111.03 | 428.58 | 1,424.05 | (9.56) | 3,070.11 |
| Profit for the year | - | - | - | - | (1,301.82) | - | (1,301.82) |
| Premium on conversion of FCCBs | - | 46.70 | - | - | - | - | 46.70 |
| Other comprehensive income for the year, net of income tax -Equity Instruments through Other Comprehensive income | - | - | - | - | - | 0.08 | 0.08 |
| Remeasurement of net defined benefit plan | - | - | - | - | (0.59) | - | (0.59) |
| Total comprehensive income/ (loss) for the year | - | - | - | - | (1,302.41) | 0.08 | (1,255.63) |
| Balance as at March 31, 2021 | - | 1,162.71 | 111.03 | 428.58 | 121.64 | (9.48) | 1,814.48 |

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

1. General Information

Sintex Industries Limited ("the Company") is primarily engaged in the business of manufacture and sale of yarn.

Sintex Industries Limited is a public limited company incorporated in India on June 01, 1931 under the Companies Act, 1956 and listed on the Bombay Stock Exchange and National Stock Exchange. The registered office of the Company is at Kalol (North Gujarat) – 382 721, India. The Textile Division of the company is situated at Kalol (N.G) and its Yarn Division is situated at Village Lunsapur, Talu: Jafrabad, Dist: Amreli.

2. Basis of preparation of financial statements

I. Basis of preparation and Compliance with Ind AS

These standalone financial statements of the Company as at and for the year ended March 31, 2021 has been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

II. Basis of measurement

The financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

III. Functional and presentation currency

The financial statements are prepared in Indian Rupees, which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimals.

IV. Current and Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

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

- a) It is expected to be realized or intended to sold or consumed in the Company's normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is expected to be realized within twelve months after the reporting period, or
- d) It is a 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 classified as current if it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability beyond twelve months after the reporting period

The Company classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets and 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 Company has identified twelve months as its operating cycle.

3. Standard Accounting Policy

I. Revenue recognition

The Company derives revenues primarily from sale of yarn.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale.

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

The Company satisfies a performance obligation and recognises revenue over time, if any one of the following criteria is met.

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Subsidy income

Income from Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

II. Leases

Transition

Effective April 01, 2019, the company adopted Ind AS 116 "leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, company has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

The Company's lease asset primarily consists of leases for building & Land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and finance cost portion of lease payments have been classified as financing cash flows.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income over the lease term on a straight-line basis.

III. Foreign currency translations

The functional currency of the Company has been determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is INR.

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

The Company has decided to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the standalone financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. exchange differences relating to long term foreign currency monetary items in so far as they relate to acquisition of depreciable capital assets is adjusted to the cost of such capital asset and depreciated over the balance useful life of such asset.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

IV. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

V. Employee Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

VI. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets on non-depreciable assets the carrying amounts of such properties are presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

VII. Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition and hence regarded thereafter as historical cost.

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalized as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Assets in the course of construction are capitalized in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalized where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalized.

VIII. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and Amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

IX. Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on buildings and plant & machinery on a straight-line method and in case of other tangible assets, on written-down value method over the estimated useful lives of the assets as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for plant and machinery, where the life has been assessed as under based on technical advice, taking into account the nature of the plant and machinery, the estimated usage of the plant and machinery, the operating conditions of the plant and machinery, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The useful lives of plant and machinery has been estimated as 22 years and 30 years for different categories as technically determined.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Intangible assets are amortized over their estimated useful lives on straight line method. The amortization rates used for intangible assets are as under:

| Class of assets | Years |
|-----------------|---------|
| Software | 5 years |

Freehold land is not depreciated. Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

X. Impairment of non-current assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

XI. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, traded goods and stores and spares are ascertained on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

XII. Financial Instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A. Financial assets

a) Recognition and initial measurement

- i) The Company initially recognizes loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company became a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.
- ii) In case of investments in subsidiaries, the Company has chosen to measure its investments at deemed cost.
- iii) The Company has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price prospectively to transactions entered into on or after the date of transition to Ind AS.

b) Classification

On initial recognition, a financial asset is classified as measured at; amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12. A debt instrument is classified as FVOCI only if it meets both the of the following conditions and is not recognised at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments 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). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

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

When the Company 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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 Company could be required to repay.

d) Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 116
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative standalone financial statements)
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- I) Trade receivables or contract revenue receivables; and
- II) All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

- i) Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: 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 Company does not reduce impairment allowance from the gross carrying amount.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

- ii) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- iii) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

e) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

B. Financial liabilities and equity instruments

a) Classification as debt or equity

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

b) Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c) Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium/other equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

d) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the [Statement of comprehensive income/Statement of Profit and Loss].

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in Statement of Profit and Loss.

e) Derivative financial instruments

The Company has entered into forward exchange contracts or principal only swap which are in substance of forward exchange contracts to manage its exposure to foreign currency cash flows.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

f) Reclassification of financial assets

The Company 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 Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company 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 Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| Original classification | Revised classification | Accounting treatment |
|-------------------------|------------------------|--|
| Amortized cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortized Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortized cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortized cost | Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

XIII. 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, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

XIV. Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options.

XV. Segment Accounting

Identification of segments: Segments are identified in line with Ind AS - 108 "Operating Segments", taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

The Company operates in Textile business which is the only reportable segment in accordance with the requirements of Ind-AS 108 "Operating Segments". These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

Segment Policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

XVI. Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Grants of the State and Central Government which are intended to compensate a specified percentage of the interest on borrowings are netted off against the related interest expenditure on borrowings.

Government grants whose primary condition is that Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in the period in which they become receivable.

XVII. Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised only when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

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

XVIII. Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.1 Critical Judgements in applying accounting policies and key sources of estimation uncertainty

(a) Critical judgements in applying accounting policies

In the course of applying the policies outlined in all notes under section 2 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

(b) Key sources of estimation uncertainty

i) Useful lives and residual value of property, plant and equipment

Company reviews the useful lives and residual values of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, useful lives are reviewed annually using the best information available to the Management.

ii) Fair value measurements and valuation process

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 41.

iii) Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the Company are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

Further details about gratuity obligations are given in Note 40.

iv) Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

4 Property, Plant and Equipment

(₹ in crores)

| Particulars | Freehold land | Buildings | Plant and machinery | Furniture, fixtures and Office equipments | Vehicles | Total |
|---|---------------|-----------------|---------------------|---|--------------|-----------------|
| Cost or deemed cost | | | | | | |
| At April 01, 2019 | 792.51 | 1,399.74 | 6,643.37 | 27.78 | 18.36 | 8,881.76 |
| Additions | - | - | 0.37 | 0.14 | - | 0.51 |
| Disposals | (5.93) | - | (0.64) | - | (7.10) | (13.67) |
| At March 31, 2020 | 786.58 | 1,399.74 | 6,643.10 | 27.92 | 11.26 | 8,868.60 |
| Additions | - | - | - | 0.02 | - | 0.02 |
| Disposals | - | - | - | - | (0.03) | (0.03) |
| At March 31, 2021 | 786.58 | 1,399.74 | 6,643.10 | 27.94 | 11.23 | 8,868.59 |
| Accumulated depreciation and impairment | | | | | | |
| At April 01, 2019 | - | 62.34 | 493.51 | 12.16 | 11.43 | 579.44 |
| Charged to Statement of Profit and Loss during the year | | 47.57 | 230.08 | 4.23 | 1.66 | 283.54 |
| Disposals | | - | (0.05) | | (5.39) | (5.44) |
| At March 31, 2020 | - | 109.91 | 723.54 | 16.39 | 7.70 | 857.54 |
| Charged to Statement of Profit and Loss during the year | | 47.56 | 229.40 | 2.95 | 1.02 | 280.93 |
| Impairment | | | 426.64 | | | 426.64 |
| Disposals | | - | - | | (0.03) | (0.03) |
| At March 31, 2021 | - | 157.47 | 1,379.58 | 19.34 | 8.69 | 1,565.08 |
| Net book value | | | | | | |
| At March 31, 2020 | 786.58 | 1,289.83 | 5,919.56 | 11.53 | 3.56 | 8,011.06 |
| As at March 31, 2021 | 786.58 | 1,242.27 | 5,263.52 | 8.60 | 2.54 | 7,303.51 |

4.1 Addition to Fixed Assets include Capitalisation of borrowing Cost pertaining to qualifying assets of Nil (Previous year Nil).

4.2 The detail of property, plant and equipments pledged against borrowings are presented in note 19 and 22.

5 Other intangible assets

(₹ in crores)

| Particulars | Computer software |
|---|-------------------|
| Cost or deemed cost | |
| As at April 01, 2019 | 4.86 |
| Additions | - |
| As at March 31, 2020 | 4.86 |
| Additions | 0.01 |
| As at March 31, 2021 | 4.87 |
| Accumulated amortisation and impairment | |
| At April 1, 2019 | 1.60 |
| Charged to Statement of Profit and Loss during the year | 0.85 |
| As at March 31, 2020 | 2.45 |
| Charged to Statement of Profit and Loss during the year | 0.82 |
| As at March 31, 2021 | 3.27 |
| Net book value | |
| As at March 31, 2020 | 2.41 |
| As at March 31, 2021 | 1.60 |

6 Depreciation and amortisation expense

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|-----------------------------------|-----------------------------------|
| Depreciation of Property, plant and equipment | 280.93 | 283.54 |
| Amortisation of intangible assets | 0.82 | 0.85 |
| Total depreciation and amortisation | 281.75 | 284.40 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

7 Investments (non-current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| I Investments (At deemed cost) | | |
| A. Trade, Unquoted | | |
| Investments in Equity Instruments | | |
| subsidiary: | | |
| BVM Overseas Ltd | | |
| 45,00,000 (previous year 45,00,000) shares of ₹ 10 each fully paid | 4.50 | 4.50 |
| Total Investments in equity instruments at deemed cost (i) | 4.50 | 4.50 |
| II At fair value through other comprehensive income | | |
| Investment in unquoted equity instruments | | |
| BVM Finance Pvt Ltd | | |
| 17,38,000 (previous year 17,38,000) shares of ₹10 each fully paid | 0.00 | 0.00 |
| Sintex Oil & Gas Ltd | | |
| 50,000 (previous year 50,000) shares of ₹10 each fully paid | 0.00 | 0.00 |
| Healwell International Ltd | | |
| 9,00,000 (previous year 9,00,000) shares of ₹10 each fully paid | 2.34 | 2.25 |
| Zep Infratech Ltd (formerly known as Sixvents Power and Engineering Ltd) | | |
| 13,300 (previous year 13,300) shares of ₹10 each fully paid | 0.00 | 0.01 |
| Investments in quoted equity instruments | | |
| Bank of Baroda (formerly known as Dena Bank) | | |
| 3,322 (previous year 3,322) shares of ₹10 each fully paid | 0.02 | 0.02 |
| III Investment in Trust Securities | | |
| AAVAS TRUST 2019 | | |
| 33,30,22,460 (previous year 33,30,22,460) units of ₹1 per unit | 33.30 | 33.30 |
| Total Investments at fair value through other comprehensive income (ii)+(iii) | 35.66 | 35.58 |
| Total (i) + (ii)+(iii) | 40.16 | 40.08 |
| Aggregate amount of quoted Investments | 0.02 | 0.02 |
| Aggregate market value of quoted investment | 0.02 | 0.02 |
| Aggregate carrying value of unquoted Investments | 40.14 | 40.06 |

8 Loans (non current) (Unsecured, considered good)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Security deposits & Earnest money deposits | 3.81 | 3.54 |
| Total | 3.81 | 3.54 |

9 Other non-current assets

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------|-------------------------|-------------------------|
| (a) Capital advances | 379.45 | 379.97 |
| (b) Service tax paid under protest | 4.04 | 4.04 |
| Total | 383.49 | 384.01 |

10 Non-Current Tax Assets (Net)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Advance Tax (Net of Provision for Taxation) | 2.03 | 46.90 |
| Total | 2.03 | 46.90 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

11 Inventories

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|-------------------------|-------------------------|
| (a) Raw invmaterials | 75.70 | 42.64 |
| (b) Work-in-progress | 34.17 | 27.13 |
| (c) Finished goods | 33.46 | 45.71 |
| (d) Stores and spares | 2.86 | 3.61 |
| Total | 146.19 | 119.09 |

12 Trade receivables *

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade Receivables, Unsecured, considered good | 128.24 | 163.63 |
| Trade Receivables, credit impaired | 0.19 | 0.19 |
| Less: Provision for trade receivables | (0.19) | (0.19) |
| Total | 128.24 | 163.63 |

* Note:

The average credit period on sales of good is 0 to 180 days. Credit Risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no other customer representing more than 10% of the total balance of trade receivables except Wholly Owned Subsidiary (WOS) and one customer.

13 Cash and Cash Equivalents

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Balance with banks | 18.37 | 5.55 |
| (b) Cash on hand | 0.57 | 0.43 |
| (c) Bank deposits with upto 3 months maturity | 0.38 | 4.48 |
| | 19.32 | 10.46 |
| Other bank balances | | |
| Earmarked balances with banks | | |
| - Unclaimed dividend accounts | 0.73 | 0.92 |
| | 0.73 | 0.92 |
| Total | 20.05 | 11.38 |

14 Bank Balances other than (13) above

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Other bank balances | | |
| Bank deposits having maturity beyond 3 months | - | - |
| Total | - | - |

15 Loans (Current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Unsecured, considered good, unless otherwise stated | | |
| (a) Security deposits & earnest money deposits | 1.20 | 1.21 |
| (b) Others loans | | |
| Unsecured, considered good | 66.33 | 60.87 |
| Doubtful | 75.20 | 54.20 |
| Less: Provision for other doubtful loans and advances | (75.20) | (54.20) |
| | 66.33 | 60.87 |
| Total | 67.53 | 62.08 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

16 Other current assets

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Export incentive receivable | 0.01 | 0.08 |
| (b) Advances recoverables in cash or kind | 278.12 | 278.52 |
| (c) Prepaid expenses | 4.61 | 5.40 |
| (d) Balances with government authorities | 27.32 | 37.58 |
| (e) Subsidies receivable (Refer note 49) | 387.12 | 326.96 |
| (f) Interest receivable | 0.00 | 0.09 |
| Total | 697.18 | 648.63 |

17 Equity Share capital

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Authorised | | |
| 65,00,00,000 (previous year 65,00,00,000) Equity Shares of ₹ 1 each | 65.00 | 65.00 |
| Total | 65.00 | 65.00 |
| Issued | | |
| 59,92,49,762 (previous year 59,41,26,888) Equity Shares of ₹ 1 each | 59.92 | 59.41 |
| Total | 59.92 | 59.41 |
| Subscribed and fully paid up | | |
| 59,92,17,962 (previous year 59,40,95,088) Equity Shares of ₹ 1 each | 59.92 | 59.41 |
| Total | 59.92 | 59.41 |

Notes:-

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars | Opening Balance | Conversion of FCCB into equity shares during the year | Right issue during the year | Closing Balance |
|-----------------------------------|-----------------|---|-----------------------------|-----------------|
| Equity Shares | | | | |
| Year ended 31st March 2020 | | | | |
| - Number of shares | 594,095,088 | - | - | 594,095,088 |
| - Amount (₹ in Crore) | 59.41 | - | - | 59.41 |
| Year ended 31st March 2021 | | | | |
| - Number of shares | 594,095,088 | 5,122,874 | - | 599,217,962 |
| - Amount (₹ In Crore) | 59.41 | 0.51 | - | 59.92 |

(ii) Terms/ Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share.

(iii) As at 31st March, 2021: 47,56,970 shares (previous year 98,79,844 shares) were reserved for issuance towards Foreign Currency Convertible Bonds (FCCB).

(iv) There are no shareholder holding more than 5% of Equity Share Capital of the company.

18 Other Equity

Refer Statement of Changes in Equity for detailed movement in Equity Balances

A. Summary of Other Equity Balances

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Securities premium | 1,162.71 | 1,116.01 |
| (b) Debenture redemption reserve | 111.03 | 111.03 |
| (c) General reserve | 428.58 | 428.58 |
| (d) Equity instruments through Other Comprehensive income | (9.48) | (9.56) |
| (e) Retained Earning | 121.64 | 1,424.05 |
| Total | 1,814.48 | 3,070.11 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

B. Nature and purpose of reserves

(a) Securities Premium

Securities Premium is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

(b) Debenture redemption reserve

This reserve has been created for redemption of debentures issued by the company in compliance of provisions of the Companies Act, 2013 and rules framed there under.

(c) General Reserve

The general reserve is created from time to time by transfer of profits from retained earnings for appropriate purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of profit and loss.

(d) Equity instruments through other comprehensive income

The reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

(e) Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

19 Borrowings (non-current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Secured - at amortised cost | | |
| (a) Debentures (refer note (i) to (iii) below) | - | - |
| (b) Term loans | | |
| (i) From banks (refer note (iv) to (vi) below) | - | - |
| (ii) From a Financial Institution (refer note (iv) to (vi) below) | - | - |
| (iii) Foreign Currency Term loans from a bank (Refer note(vii) below) | - | - |
| Unsecured - at amortised cost | | |
| (a) Foreign Currency Convertible Bonds | - | - |
| (b) Foreign Currency Term loans from a bank (Refer note (viii) below) | - | - |
| Total | - | - |

Notes:

- In view of the continuing default in payment of dues, most of the lenders have sent notices / letters recalling their loans given and called upon the Company to pay entire dues and other liabilities. Hence in view of the said facts & considering the matter of prudence, whole of the long term borrowing outstanding as on 31st March'2021 has been classified as current borrowings.
- 2,500 (Previous year 2,500) 9.41% Secured Redeemable Non Convertible debentures of ₹ 10,00,000/- each, are redeemable at par on 8th October, 2020. The Debentures are secured by first pari passu charge on fixed assets (excluding spinning unit) of the Company.
- 1,375 (Previous year 1,375) 10.70% Secured Redeemable Non Convertible debentures of ₹ 10,00,000/- each, are redeemable at par in three equal annual installments starting from 30th September, 2019. The Debentures are secured by first pari passu charge on fixed assets (excluding spinning unit) of the Company.
- 1,125 (Previous year 1,125) 10.70% Secured Redeemable Non Convertible debentures of ₹ 10,00,000/- each, are redeemable at par in three annual installments starting from 11th June, 2019. The Debentures are secured by first pari passu charge on fixed assets (excluding spinning unit) of the Company.
- Term Loans from the banks and Financial Institution referred in point no (f) of Note (vi) below are secured by first charge on pari passu basis on all the immovable and movable properties of the Company, both present and future excluding properties of spinning unit and on specified current assets and book debts on which prior charge created in favour of the Banks for working capital facilities (refer note 23).
- Term Loans from the banks and Financial Institution referred in point no (a) (b) and (c) of Note (vii) below from the banks and financial institution are secured by first charge on pari passu basis on respective project assets of the spinning unit. The Phase I and II lenders of spinning unit are also secured by second pari passu charge over the entire current assets both present & future of Spinning Project.
- Terms of repayments of term loans (including current maturities of long term debt) carrying interest rate range of 2.4% to 12.55% p.a. are given below:-
 - Loan outstanding of ₹ 930.12 crores (previous year ₹ 935.26 crores) - the overall loan repayment term includes 30 quarterly installment of ₹ 40.67 crores each starting from August 2017 to November, 2024.
 - Loan outstanding of ₹ 1026.68 crores (previous year ₹ 1026.68 crores) - the overall loan repayment term includes 30 quarterly installment of ₹ 40.67 crores each starting from April, 2018 to September, 2025 .
 - Loan outstanding of ₹ 1758.50 crores (previous year ₹ 1761.75 crores) - the overall loan repayment term includes 36 quarterly installment of ₹ 52.40 crores each starting from September, 2020 to June, 2029.
 - Loan outstanding of ₹ 75.14 crores (previous year ₹ 75.14 crores) - the loan repayment term includes 32 structured quarterly installment of ₹ 1.03 crores each starting from December, 2016 till September, 2021 and ₹ 4.125 crores starting from December, 2021 to September, 2025 (For Security refer note (i) to (iii) above)

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

- (e) Loan outstanding of ₹ 84.79 crores (previous year ₹ 84.79 crores) - the loan repayment term includes 32 structured quarterly installment of ₹1.15 crores each starting from December, 2017 to September, 2021 and ₹ 4.59 crores starting from December, 2021 to September 2025. (For Security refer note (i) to (iii) above)
- (f) The Technology Upgradation Fund Scheme (TUFs) term loans include:
- (i) Loan outstanding of ₹ 73.08 crores (previous year ₹ 73.08 crores) - the overall loan repayment term includes 32 quarterly installment of ₹ 6.25 crore each starting from 1st October, 2014 till 1st July, 2022.
- (ii) Loan outstanding of ₹ 58.62 crores (previous year ₹ 58.62 crores) - the overall loan repayment term includes 32 quarterly installment of ₹ 4.51 crores each commencing after 27 months moratorium period i.e. starting from 1st October, 2014 till 1st July, 2022.
- (iii) Loan outstanding of ₹ 35.44 crores (previous year ₹ 35.44 crores) - the overall loan repayment term includes 32 quarterly installment of ₹ 3.13 crores each commencing from 1st October, 2014 till 1st July, 2022.
- (viii) Foreign currency loan of ₹ 165.31 crores (previous year ₹ 159.45 crores) and ₹ 100.20 crores (previous year ₹ 96.65 crores) respectively has been secured against the specified assets created out of such loans and the same is payable in 19 and 16 half yearly installment respectively commencing from 1st April, 2019 and 14th May, 2019 respectively till 1st April, 2028 and 16th November, 2026 respectively.
- (ix) Foreign currency loan of ₹ 73.50 crores (previous year ₹ 75.39 crores) payable in 2 yearly equal installment commencing from 5th April, 2021.

20 Provisions (non-current) (₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| (i) Provision for compensated absences | 2.75 | 2.03 |
| (ii) Provision for gratuity | 1.62 | 3.41 |
| Total | 4.37 | 5.44 |

21 Deferred tax liabilities (Net) (₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Deferred Tax Liability | | |
| (i) Difference between book and tax depreciation | 968.62 | 968.62 |
| | 968.62 | 968.62 |
| Deferred Tax Asset | | |
| (i) Disallowances under Income Tax | 4.90 | 4.90 |
| (ii) Provision for doubtful debts & advances | 19.01 | 19.01 |
| (iii) Unabsorbed depreciation | 663.26 | 663.26 |
| (iv) Minimum Alternate Tax | 281.45 | 281.45 |
| | 968.62 | 968.62 |
| Total | 0.00 | 0.00 |

22 Borrowings (current) (₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Secured - at amortised cost | | |
| Loans repayable on demand from banks (Refer note below) | 1,353.46 | 1,210.29 |
| Unsecured- at amortised cost | | |
| From companies | 249.99 | 277.42 |
| Total | 1,603.45 | 1,487.71 |

Note: Loans from the banks are secured by first charge on the stocks and book debts of the Company, both present and future. This is further secured by (i) Second and subservient charge on the Borrower's immovable fixed assets at (a) Phase-III at Village Lunsapur, Amreli, (b) Village Kalol, Taluka Kalol, District Gandhinagar and (c) Village Saij, Taluka Kalol, District Gandhinagar together with all the plant and machinery (ii) second pari passu charge on the Borrower's all the immovable fixed assets relating to Phase-I and Phase-II at Village Lunsapur, Amreli together with all the plant and machinery.

23 Trade payables (₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Total outstanding dues of Micro and Small Enterprises | 3.47 | 4.08 |
| Total outstanding dues of creditors other than micro and small enterprise | 107.37 | 168.58 |
| Total | 110.84 | 172.66 |

The average credit period on purchases of certain goods is 7 to 180 days. No interest is charged on the trade payables for the first 180 days from the date of invoice. Thereafter, interest is payable at 18% per annum on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Dues payable to Micro and Small Enterprises:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Principal amount remaining unpaid to any supplier as at the year end | 3.47 | 4.08 |
| Interest due on the above mention principal amount remaining unpaid to any supplier as at the year end | - | - |
| Amount of the interest paid by the Company in terms of Section 16 | - | - |
| Amount of the interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act | - | - |
| Amount of interest accrued and remaing unpaid at the end of the accounting year | - | - |

24 Other financial liabilities (Current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Current maturities of long-term borrowings (Refer note 20 borrowings(Non Current Borrowings) for details of security) | 4,929.16 | 4,984.02 |
| (b) Interest accrued on borrowings | 1,130.41 | 574.17 |
| (c) Investor's Education and Protection Fund | | |
| (i) Unclaimed dividends | 0.73 | 0.92 |
| (d) Acceptances | 111.97 | 111.96 |
| (e) Others: | | |
| (i) Payables on purchase of fixed assets | 86.36 | 82.54 |
| (ii) Trade / security deposits received | 0.20 | 0.34 |
| Total | 6,258.84 | 5,753.96 |

25 Other current liabilities

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| (a) Statutory remittances | 1.42 | 2.43 |
| (b) Advances from customers | 1.43 | 0.94 |
| Total | 2.85 | 3.37 |

26 Provisions (Current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| (i) Provision for compensated absences | 3.98 | 4.30 |
| (ii) Provision for gratuity | 1.31 | 0.97 |
| Total | 5.29 | 5.27 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

27 Revenue from operations (Refer Note 45)

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Sale of products | 1,689.65 | 1,638.50 |
| Less: Commission towards sales | (0.50) | (3.58) |
| Total | 1,689.15 | 1,634.92 |

28 Other income

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| (a) Interest income earned on financial asset that are not designated as at fair value through profit or loss (FVTPL) | 8.50 | 15.15 |
| (b) Subsidies from government authorities | 42.19 | 7.86 |
| (c) Miscellaneous income | 4.32 | 4.50 |
| Total | 55.01 | 27.51 |

29 Cost of materials consumed

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Opening stock | 42.64 | 83.00 |
| Add: Purchases | 1,143.30 | 1,063.06 |
| Less: Closing stock | 75.70 | 42.64 |
| Cost of materials consumed | 1,110.24 | 1,103.42 |

30 Changes in inventories of finished goods and work-in-progress

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the end of the year: | | |
| (a) Finished goods | 33.46 | 45.71 |
| (b) Work-in-progress | 34.17 | 27.13 |
| | 67.63 | 72.84 |
| Inventories at the beginning of the year: | | |
| (a) Finished goods | 45.71 | 113.72 |
| (b) Work-in-progress | 27.13 | 38.67 |
| | 72.84 | 152.39 |
| Net (increase) / decrease | 5.21 | 79.55 |

31 Employee benefits expense

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Salaries and wages | 124.97 | 144.81 |
| (b) Contributions to provident and other funds | 6.72 | 9.20 |
| (c) Staff welfare expenses | 2.71 | 3.49 |
| Total | 134.40 | 157.50 |

32 Finance costs

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Interest costs on borrowings carried at amortised cost (net of interest subsidy) | 771.06 | 702.57 |
| (b) Other Borrowing Costs | 23.86 | 39.46 |
| Total | 794.92 | 742.03 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

33 Other expenses

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Consumption of stores and spare parts | 46.48 | 38.45 |
| (b) Power and fuel | 177.78 | 183.56 |
| (c) Rent including lease rentals | 1.48 | 0.83 |
| (d) Repairs and maintenance - Buildings | 0.29 | 0.30 |
| (e) Repairs and maintenance - Machinery | 0.81 | 0.47 |
| (f) Repairs and maintenance - Others | 1.75 | 2.93 |
| (g) Insurance | 11.04 | 13.42 |
| (h) Rates and taxes | 3.19 | 1.80 |
| (i) Travelling and conveyance | 3.81 | 5.21 |
| (j) Transport & Freight Charges | 9.15 | 7.25 |
| (k) Donations and contributions | 0.00 | 1.02 |
| (l) Expenditure on Corporate Social Responsibility (Refer Note-43) | - | - |
| (m) Payments to auditors (Refer below note) | 0.11 | 0.15 |
| (n) Legal & Professional charges | 10.70 | 9.42 |
| (o) Provisions for Doubtful Advances | 21.00 | 54.20 |
| (p) Bad Debts & Subsidy written off | 0.04 | 174.22 |
| (q) Loss on sale of Assets | - | 0.04 |
| (r) Forex Loss | (1.45) | 40.73 |
| (s) General Expenses | 6.79 | 96.20 |
| Total | 292.97 | 630.20 |
| Payments to Auditors | | |
| (a) For audit | 0.10 | 0.10 |
| (b) For other services (including certifications, etc.) | 0.01 | 0.05 |
| Total | 0.11 | 0.15 |

34 Exceptional Items

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Impairment Loss of Property, Plants and Equipments | 426.64 | - |
| Total | 426.64 | - |

35 The Company is undergoing substantial financial stress and severe liquidity constraints since last Financial Year coupled with changed industrial dynamics, time and cost overrun in completion of its projects, reduction in subsidies and incentive benefits, Covid related disruptions etc. The company has defaulted in debt obligation of debentures aggregating to ₹ 500.00 Crores for the period April, 19 to 6th April, 2021 (date of admission in Corporate Insolvency Resolution Process) apart from other credit facilities. Further, Company's inability to meet its obligation in relation to the payment of certain letters of credit which led to devolvement and consequent over utilization of the cash credit facilities availed by the Company, delay in payment of certain term loan instalments as well as interest thereof. The Company's credit rating is "BWR D" from Brickwork Ratings India Pvt. Ltd. for Non-Convertible Debentures. However, Company has made provision for interest for the period April, 2019 to March, 2021.

The Company submitted a Comprehensive Resolution Plan to all the lenders involving the re-structuring of debt availed. The proposal was prepared in accordance with the requirement set out in the circular issued by the Reserve Bank of India No. RBI/2018-19/203.DBR.NO.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019, which was not accepted in all lenders meeting held on 5th July, 2019. The Inter-Creditor Agreement (ICA) for a potential restructuring of the company's liabilities was signed on 6th July, 2019. The Company submitted a revised Resolution Plan to lenders on 16th December, 2019, which was not accepted by the lenders due to higher provisioning requirement. Company once again submitted resolution plan on 14th August, 2020 which was also not accepted by the lenders. The Company thereafter submitted debt resolution proposal with proposal to change in ownership and restructuring of debt on 10th March, 2021 to the lead bank however the same has been also rejected. The results have been prepared on the basis that the company is a going-concern.

Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against the Company by Invesco Asset Management (India) Private Limited (Financial Creditor) for default amount of ₹ 15,00,00,000/- (Principal amount) has been admitted against the Company vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 06.04.2021. Mr. Pinakin Shah (having registration no. IBBI/IPA-002/IP-N00106/2017-18/10248) has been appointed as Interim Resolution Professional by the Honourable National Company Law Tribunal, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code 2016 and moratorium period under Section 14 of the Insolvency and Bankruptcy Code 2016 is declared.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

First meeting and Second meeting of Committee of Creditors (CoC) held on 10th May, 2021 and 31st May, 2021 respectively. In first meeting, CoC members passed resolution for appointment of Resolution Professional subject to approval of Hon'ble NCLT Ahmedabad. Approval from Hon'ble NCLT Ahmedabad for appointment of Resolution Professional pending to be received.

- 36** The company has discontinued the manufacturing operations of structured fabrics (except bleaching facility) at Kalol effective from 1st July, 2019 on account of high cost of operations. The management of the company during the year has assessed that any provision needs to be recognised on account of the impairment of assets in respect of property, plant and equipment of its Textile Division. The higher of Textile Division assets fair value (less cost of disposal) and its value in use as per valuation report obtained from approved valuer as on 30th September, 2020 and is found lower than its carrying amount as per books of accounts of the company and hence the Company has recognised impairment loss of ₹ 426.64 crores for the year. Therefore, the impairment loss has been shown under "Exceptional Item".

37 Foreign Currency Convertible Bonds (FCCBs)

On May 25, 2016, the Company issued USD 110 million Step Down Convertible Bonds due 2022 ("FCCBs"). The FCCBs bear interest (i) at the rate of 7% p.a from May 25, 2016 to May 25, 2018 and (ii) at the rate of 3.50% p.a from May 25, 2018 to May 25, 2022, payable semi-annually in arrear on the interest payment dates falling every year on 25 November and 25 May.

The FCCBs are convertible at any time on and after July 5, 2016 and up to the close of business on May 15, 2022 by holders of the FCCBs into fully paid equity shares with full voting rights of the Issuer each with a nominal value of ₹ 1 at the option of the holder, at an initial conversion price of ₹ 93.8125 per share with a fixed rate of exchange on conversion of ₹ 67.4463 = USD 1.00. The conversion price is subject to adjustment in certain circumstances and may be reset on November 25, 2018 and November 25, 2019 in accordance with the terms and conditions of the FCCBs.

Pursuant to the Composite Scheme of Arrangement approved by National Company Law Tribunal on 12th May, 2017 on exercising option for conversion of the FCCBs, the FCCB holders shall receive one fully paid equity shares of ₹ 1 each with full voting rights of Sintex Plastics Technology Limited (SPTL) and further the repayment of FCCBs is guaranteed by SPTL. In case of payment of any outstanding sum to the outstanding FCCB holders by the SPTL, the company shall without any further act, instrument, deed, matter or things, make the payment to SPTL as mutually decided by the company and SPTL.

With respect to USD 110 Million Foreign Currency Convertible Bonds due 2022 (FCCBs) raised by the Company during the year 31st March, 2021, FCCBs aggregating to USD 7 Million have been converted into 5122874 equity shares resulting in increase in equity share capital by ₹ 0.51 crores and security premium by ₹ 46.70 crores. There are USD 6.5 Million FCCBs outstanding for conversion as on 31st March, 2021. Further, the Company has defaulted in payment of Interest amounting to USD 0.46 Million for the period 25th May, 19 to 24th November, 2020.

38 Segment information

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of paragraph 3 of Ind AS 108 "Operating Segments", no disclosures related to segments are presented in this standalone financial statements.

39 Related Party Transactions

a. Names of the related parties and description of relationship

| Sr. No. | Nature of Relationship | Name of Related Parties |
|---------|---------------------------------------|---|
| 1 | Key Management Personnel | Shri Rahul A. Patel, Chairman & Managing Director Shri Amit D. Patel, Managing Director |
| 2 | Relatives of Key Management Personnel | Shri Dinesh B. Patel, Chairman (upto 29th March, 2019) Shri Arun P. Patel, Vice-chairman (upto 29th March, 2019) |
| 3 | Subsidiary | BVM Overseas Limited |

b.1 Transactions during the year with related parties *

(₹ in crores)

| Sr. No. | Nature of Transactions | Nature of Relationship | | |
|---------|-------------------------------------|------------------------|--|--------------------|
| | | Subsidiaries | Key Management Personnel & relatives thereof | Total |
| 1 | Purchase of goods/services* | - (6.51) | - | - (6.51) |
| 2 | Sale of goods/services* | 301.63 (550.40) | - | 301.63 (550.40) |
| 3 | Reimbursement of Expenses recovered | 0.20 (0.18) | - | 0.20 (0.18) |
| 4 | Rent Income | 0.01 (0.01) | - | 0.01 (0.01) |

* Including taxes.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

b.2 Balance as at March 31, 2021 *

(₹ in crores)

| Sr. No. | Nature of Transactions | Nature of Relationship | | |
|---------|------------------------|------------------------|--|----------|
| | | Subsidiaries | Key Management Personnel & relatives thereof | Total |
| 1 | Trade Payable | - | 6.00 | 6.00 |
| | | (27.01) | (6.00) | (33.01) |
| 2 | Trade Receivable | 68.11 | - | 68.11 |
| | | (129.31) | (-) | (129.31) |

* Figures in brackets indicates figures of previous year

40 Employee benefits plans**a. Defined contribution plan**

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 5.32 crores (for the year ended March 31, 2020 ₹ 6.30 crores) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

b. Defined benefit plans:

The Company sponsors funded defined benefit plans for qualifying employees of its subsidiaries. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The board of the fund is composed of an equal number of representatives from both employers and (former) employees. The board of the fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the fund is responsible for the investment policy with regard to the assets of the fund.

Under the Gratuity plan, the eligible employees are entitled to post-retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 60 without any payment ceiling. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years. Under the Compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation. At the rate of daily salary, as per current accumulation of leave days.

The defined benefit pension plans requires contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Note 3(V) describes change in accounting in the current year following the adoption of the amendments to Ind AS 19.

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

| | |
|-----------------|--|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments. |
| Actuarial risk | It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:(1) Adverse Salary Growth Experience;(2) Variability in mortality rates and (3) Variability in withdrawal rates |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Liquidity Risk | Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. if some of such employees resign/retire from the company there can be strain on the cashflows. |
| Market Risk | Market risk is a collective term for risks that are related to the changes in fluctuations of the financial markets. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date. |

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is re-insured by an external insurance company. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31,2021 by M/s Kapadia Global Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

c. The Company offers the following employee benefit schemes to its employees:

- Gratuity Funded through annual payment to Trust Bank Account.
- Compensated Absences (Unfunded)

A. Gratuity

The principal assumptions used for the purpose of actuarial valuation were as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------|--|--|
| Discount rate | 5.20% | 5.45% |
| Expected rate(s) of salary increase | 2% p.a for next one years and 5% p.a thereafter | 2% p.a for next 2 years and 5% p.a thereafter |
| Attrition rate/Withdrawal rate | 50% p.a at younger age reducing to 10% p.a at olderage | 50% p.a at younger age reducing to 10% p.a at olderage |
| Mortality tables | Indian Assured Lives Mortality (2012-14) | |
| Actuarial Valuation Method | Projected Unit Credit Method | |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factor.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Components of employer expense | | |
| Current service cost | 1.19 | 2.36 |
| Net interest expense | 0.21 | 0.57 |
| Component of defined benefit costs recognised in Statement of Profit and Loss | 1.40 | 2.93 |
| <u>Remeasurement of the net defined benefit liability:</u> | | |
| Actuarial losses/(gains) | 0.58 | 1.11 |
| Return on plan assets (excluding interest income amounts included in 'Net interest expense') | 0.01 | 0.08 |
| Components of defined benefit costs recognised in other comprehensive income | 0.59 | 1.19 |
| Total | 2.00 | 4.12 |

The current service cost and net interest expense for the year are included in the 'Employee benefit expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans are as follows:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Present value of funded defined benefit obligation | 5.05 | 4.70 |
| Less: Fair value of plan assets | 2.12 | 0.32 |
| Net liability/(asset) arising from defined benefit obligation | 2.93 | 4.38 |

Movement in present value of the defined benefit obligation are as follows:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation | 4.70 | 11.07 |
| Current service cost | 1.19 | 2.36 |
| Interest cost | 0.24 | 0.82 |
| Actuarial (gains) / losses | 0.58 | 1.11 |
| Past service cost | - | - |
| Benefits paid | (1.66) | (10.66) |
| Closing defined benefit obligation | 5.05 | 4.70 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Movement in the fair value of the plan assets are as follows:

(₹ in crores)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Opening fair value of plan assets | 0.32 | 2.13 |
| Interest income | 0.03 | 0.25 |
| Expected return on plan assets excluding amounts included in interest income | (0.02) | (0.08) |
| Contribution by employer | 3.45 | 8.68 |
| Actuarial gain / (loss) | - | - |
| Benefits paid | (1.66) | (10.66) |
| Closing fair value of plan assets | 2.12 | 0.32 |
| Actual return on plan assets | (0.02) | (0.08) |

Composition of the plan assets:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------------|-------------------------|-------------------------|
| Policy of Insurance | 1% | 3% |
| Bank balance | 99% | 97% |

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Estimate of amount of contribution in the immediate next year | 1.31 | 0.97 |

Sensitivity analysis:

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

(₹ in crores)

| Particulars | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|--------------------------------------|---------------------------|----------|---------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Gratuity: | | | | |
| Discount rate (0.5% movement) | 4.96 | 5.13 | 4.64 | 4.75 |
| Future salary growth (0.5% movement) | 5.13 | 4.96 | 4.75 | 4.64 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.

The expected benefit payments is as follows:

(₹ in crores)

| Particulars | Less than 1 year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|-----------------------------|------------------|-------------------|-------------------|--------------|-------|
| Gratuity: | | | | | |
| As at March 31, 2021 | | | | | |
| Defined benefit obligation | 1.21 | 0.98 | 2.17 | 1.23 | 5.59 |
| As at March 31, 2020 | | | | | |
| Defined benefit obligation | 0.52 | 0.48 | 1.46 | 0.86 | 3.32 |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

B. Compensated Absences:

The principal assumptions used for the purpose of actuarial valuation were as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------|---|---|
| Discount rate | 5.20% | 5.45% |
| Expected rate(s) of salary increase | 2% p.a for next one years and 5% p.a thereafter | 2% p.a for next 2 years and 5% p.a thereafter |
| Attrition rate/ Withdrawal rate | 50 % p.a younger ages reducing to 10% p.a at older ages | 50 % p.a younger ages reducing to 10% p.a at older ages |
| Mortality tables | Indian Assured Lives Mortality (2012-14) | |
| Actuarial Valuation Method | Projected Unit Credit Method | |

The amount included in Balance sheet arising from the entity's obligation in respect of its defined benefit obligation plans are as follows:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Present value of funded defined benefit obligation | 6.73 | 6.33 |
| Fair value of plan assets | - | - |
| Net liability/(asset) arising from defined benefit obligation | 6.73 | 6.33 |

41 Financial instruments

1 Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows.

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Debt (i) | 7,663.03 | 7,045.90 |
| Less: Cash and bank balances (Refer note 14 and 15) | 20.05 | 11.38 |
| Net debt | 7,642.98 | 7,034.52 |
| Total equity | 1,874.40 | 3,129.52 |
| Net debt to equity ratio | 4.08 | 2.25 |

(i) Debt is defined as long-term and short term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), as described in earlier notes (Refer note 19, 22 and 24).

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

2 Categories of financial instruments

(₹ in crores)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | Carrying values | Fair values | Carrying values | Fair values |
| Financial assets | | | | |
| <u>Measured at amortised cost</u> | | | | |
| Non-current investments | 4.50 | 4.50 | 4.50 | 4.50 |
| Loans | 71.34 | 71.34 | 65.62 | 65.62 |
| Trade receivables | 128.24 | 128.24 | 163.63 | 163.63 |
| Cash and cash equivalents | 20.05 | 20.05 | 11.38 | 11.38 |
| Bank balances other than cash and cash equivalents | - | - | - | - |
| Total financial assets carried at amortised cost (A) | 224.13 | 224.13 | 245.13 | 245.13 |
| <u>Measured at fair value through profit and loss</u> | | | | |
| Current investments in mutual funds | - | - | 0.00 | 0.00 |
| Total financial assets at fair value through profit and loss (B) | - | - | - | - |
| <u>Measured at fair value through other comprehensive income</u> | | | | |
| Non-current investments in equity instruments | 35.66 | 35.66 | 35.58 | 35.58 |
| Total financial assets at fair value through other comprehensive income (C) | 35.66 | 35.66 | 35.58 | 35.58 |
| Total financial assets (A+B+C) | 259.79 | 259.79 | 280.71 | 280.71 |
| Financial liabilities | | | | |
| <u>Measured at amortised cost</u> | | | | |
| <u>Non-current liabilities</u> | | | | |
| Non-current borrowings * | 0.00 | 0.00 | 0.00 | 0.00 |
| <u>Current liabilities</u> | | | | |
| Short-term borrowings | 1,603.45 | 1,603.45 | 1,487.71 | 1,487.71 |
| Trade payables | 110.85 | 110.85 | 172.66 | 172.66 |
| Other financial liabilities | 6,258.84 | 6,258.84 | 5,753.96 | 5,753.96 |
| Total financial liabilities measured at amortised cost | 7,973.13 | 7,973.13 | 7,414.33 | 7,414.33 |
| Total financial liabilities | 7,973.13 | 7,973.13 | 7,414.33 | 7,414.33 |

* The fair value of company's fixed interest borrowing are determined by using Discounted Cash Flow Method.

3 Financial risk management objectives

The Company's Corporate finance department provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

The Corporate Treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates due to foreign currency borrowings and variable interest loans. The Company has not been able to enter into derivative contracts to manage part of its foreign currency risk considering credit default. The Company does not enter into derivative contracts to manage risks related to anticipated sales and purchases.

5 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options taken at the time of initiation of the booking by the management. Such decision is taken after considering the factors such as upside potential, cost of structure and the downside risks etc. Quarterly reports are submitted to Management Committee on the covered and open positions and MTM valuation.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(₹ in crores)

| Particulars | As at March 31, 2021 | | | | | As at March 31, 2020 | | | | |
|--|----------------------|---------------|-----------------|-------------|-----------------|----------------------|---------------|-----------------|--------|-----------------|
| | USD | EURO | INR | Others | Total | USD | EURO | INR | Others | Total |
| Financial assets | | | | | | | | | | |
| Non-current financial assets | | | | | | | | | | |
| Investments | - | - | 35.66 | - | 35.66 | - | - | 35.58 | - | 35.58 |
| Loans | - | - | 3.81 | - | 3.81 | - | - | 3.54 | - | 3.54 |
| Total non-current financial assets (A) | - | - | 39.47 | - | 39.47 | - | - | 39.12 | - | 39.12 |
| Current financial assets | | | | | | | | | | |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Trade receivables | - | - | 128.24 | - | 128.24 | 0.07 | - | 163.56 | - | 163.63 |
| Cash and cash equivalents | - | - | 20.05 | - | 20.05 | - | - | 11.38 | - | 11.38 |
| Bank balances other than cash and cash equivalents | - | - | - | - | - | - | - | - | - | - |
| Loans | - | - | 67.53 | - | 67.53 | - | - | 62.08 | - | 62.08 |
| Total current financial assets (B) | - | - | 215.82 | - | 215.82 | 0.07 | - | 237.02 | - | 237.09 |
| Total financial assets (C) = (A) + (B) | - | - | 255.29 | - | 255.29 | 0.07 | - | 276.14 | - | 276.21 |
| Financial liabilities | | | | | | | | | | |
| Non current financial liabilities | | | | | | | | | | |
| Borrowings | - | - | - | - | 0.00 | - | - | 0.00 | - | 0.00 |
| Total non-current financial liabilities (D) | - | - | - | - | 0.00 | - | - | 0.00 | - | 0.00 |
| Current financial liabilities | | | | | | | | | | |
| Borrowings | - | - | 1,603.45 | - | 1,603.45 | - | - | 1,487.71 | - | 1,487.71 |
| Trade payables | 0.39 | 0.04 | 110.01 | 0.40 | 110.84 | 0.36 | 0.04 | 172.26 | - | 172.66 |
| Other financial liabilities | 189.98 | 279.59 | 5,789.19 | 0.08 | 6,258.84 | 238.79 | 262.09 | 5,253.08 | - | 5,753.96 |
| Total current financial liabilities (E) | 190.37 | 279.63 | 7,502.65 | 0.48 | 7,973.13 | 239.15 | 262.13 | 6,913.05 | - | 7,414.33 |
| Total financial liabilities (F) = (D) + (E) | 190.37 | 279.63 | 7,502.65 | 0.48 | 7,973.13 | 239.15 | 262.13 | 6,913.05 | - | 7,414.33 |
| Excess of financial liabilities over financial assets (F)-(C) | 190.37 | 279.63 | 7,247.36 | 0.48 | 7,717.84 | 239.08 | 262.13 | 6,636.91 | - | 7,138.12 |
| Net Exposure of foreign currency risk | 190.37 | 279.63 | - | 0.48 | 470.48 | 239.08 | 262.13 | - | - | 501.21 |
| Sensitivity impact on Net liabilities/ (assets) exposure at 10% | 19.04 | 27.97 | - | 0.05 | 47.06 | 23.91 | 26.22 | - | - | 50.13 |

5.1 Foreign currency sensitivity analysis

The Company is mainly exposed to USD and EURO currency.

The above table details the Company's sensitivity to a 10% increase and decrease in the INR against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency risk denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number below indicates an increase in profit/equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit/equity and the balances below would be positive.

5.2 Forward foreign exchange contracts

The Company has not been able to enter into forward foreign exchange contracts to cover foreign currency payments and receipts considering credit default.

6 Interest rate risk management

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company has exposure to interest rate risk, arising principally on changes in PLR and LIBOR rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible debentures and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The table in 6.1 provides a break-up of the Company's fixed and floating rate borrowings:

6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings and interest rate sensitivity analysis.

(₹ in crores)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------|-------------------------------|---|-------------------------------|---|
| | Gross amount (₹ in crores) | Interest rate sensitivity @0.50% (₹ in crores) | Gross amount (₹ in crores) | Interest rate sensitivity @0.50% (₹ in crores) |
| Fixed loan | 547.58 | - | 601.77 | - |
| Variable loan | 7,115.45 | 35.58 | 6,444.13 | 32.22 |
| Total | 7,663.03 | 35.58 | 7,045.90 | 32.22 |

7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company 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 Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to the above mentioned company did not exceed 10% of gross monetary assets at any time during the year excluding sales to WOS. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year excluding sales to WOS.

7.1 Collateral held as security and other credit enhancements

The Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

8 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in crores)

| Particulars | As at March 31, 2021 | | | | As at March 31, 2020 | | | |
|--|----------------------|--------------|-----------|-----------------|----------------------|--------------|-----------|-----------------|
| | < 1year | 1-5 years | > 5 years | Total | < 1year | 1-5 years | > 5 years | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| Investments | - | 35.66 | - | 35.66 | - | 35.58 | - | 35.58 |
| Loans | - | 3.81 | - | 3.81 | - | 3.54 | - | 3.54 |
| Total non-current financial assets | - | 39.47 | - | 39.47 | - | 39.12 | - | 39.12 |
| Current | | | | | | | | |
| Investments | - | - | - | - | - | - | - | - |
| Trade receivables | 128.24 | - | - | 128.24 | 163.63 | - | - | 163.63 |
| Cash and cash equivalents | 20.05 | - | - | 20.05 | 11.38 | - | - | 11.38 |
| Bank balances other than cash and cash equivalents | - | - | - | - | - | - | - | - |
| Loans | 67.53 | - | - | 67.53 | 62.08 | - | - | 62.08 |
| Total current financial assets | 215.82 | - | - | 215.82 | 237.09 | - | - | 237.09 |
| Total financial assets | 215.82 | 39.47 | - | 255.29 | 237.09 | 39.12 | - | 276.21 |
| Financial liabilities | | | | | | | | |
| Non-current | | | | | | | | |
| Borrowings | - | - | - | 0.00 | - | - | - | 0.00 |
| Total non-current financial liabilities | - | - | - | 0.00 | - | - | - | 0.00 |
| Current | | | | | | | | |
| Borrowings | 1,603.45 | - | - | 1,603.45 | 1,487.71 | - | - | 1,487.71 |
| Trade payables | 110.84 | - | - | 110.84 | 172.66 | - | - | 172.66 |
| Other financial liabilities | 6,258.84 | - | - | 6,258.84 | 5,753.96 | - | - | 5,753.96 |
| Total current financial liabilities | 7,973.13 | - | - | 7,973.13 | 7,414.33 | - | - | 7,414.33 |
| Total financial liabilities | 7,973.13 | - | - | 7,973.13 | 7,414.33 | - | - | 7,414.33 |

9 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets. Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crores)

| Particulars | Fair values as at March 31, 2021 | Fair values as at March 31, 2020 | Level* | Valuation technique and key inputs |
|--|----------------------------------|----------------------------------|--------|---|
| Financial assets | | | | |
| Non-current investments | | | | |
| Investment in unquoted equity instruments | | | | |
| BVM Finance Pvt Ltd | 0.00 | 0.00 | 3 | Net assets method was used to capture the present value of the expected future economic benefits that will flow to the entity due to the investments. |
| Sintex Oil and Gas Ltd | - | - | 3 | |
| Healwell International Ltd | 2.34 | 2.25 | 3 | |
| Zep Infratech Limited | - | 0.01 | 3 | |
| Investment in quoted equity instruments | | | | |
| Bank of Baroda (formerly known as Dena Bank) | 0.02 | 0.02 | 1 | Quoted bid prices in an active market |
| Current investments | | | | |
| Investments in Mutual funds | - | - | 1 | Quoted bid prices in an active market |

* There were no transfers between Level 1 and Level 3 during the period.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

42 Income taxes

The Company has decided not to opt new taxation scheme of Section 115BAA of the income tax Act 1961, Introduced by the Taxation Law (Amendment) ordinance 2019 effective from financial 2019-2020 in view of MAT Credit Availability, Accumulated Losses and Unabsorbed Depreciation.

a. Income taxes recognised in Statement of Profit and Loss

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | - | - |
| Short/(Excess) provision of tax for earlier years | (0.15) | (6.12) |
| Deferred tax | | |
| In respect of the current year | - | (78.57) |
| Total income tax expense recognised in Statement of Profit and Loss | (0.15) | (84.69) |

b. Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Profit before taxes | (1,301.97) | (1,334.67) |
| Enacted tax rate in India | 34.944% | 34.944% |
| Expected income tax expense at statutory tax rate | (454.96) | (466.39) |
| Effect of: | | |
| (i) Expenses on which deferred tax not recognised | 454.96 | - |
| (i) Tax effect on non -deductible expenses | - | 46.37 |
| (ii) Tax effect on deductible expenses | - | (0.90) |
| (iii) Reversal of MAT Credit | - | 0.44 |
| (iv) Current year loss to be carried forward | - | 341.91 |
| (v) (Short)/Excess Provision for tax of earlier years | (0.15) | (6.12) |
| Income taxes recognised in the Statement of Profit and Loss | (0.15) | (84.69) |

The tax rate used for the 2020-21 and 2019-20 reconciliations above is the corporate tax rate of 34.944% payable by corporate entities in India on taxable profits under the Indian tax laws.

c. Income tax recognised in other comprehensive income

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | - | - |
| Remeasurement of defined benefit obligation | - | - |
| Total income tax recognised in other comprehensive income | - | - |
| Bifurcation of the income tax recognised in other comprehensive income into:- | | |
| Items that will not be reclassified to Statement of Profit and Loss | - | - |
| Items that will be reclassified to Statement of Profit and Loss | - | - |
| | - | - |

In view of losses during the year, company has not recognised deferred tax on OCI Item.

d. Components of Deferred Tax (charge)/benefit for the year

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (i) Depreciation and amortisation | - | 138.52 |
| (ii) Unabsorbed depreciation and business losses | - | (199.92) |
| (iii) Disallowances under Income Tax | - | 1.34 |
| (iv) Provision of bad and doubtful debts | - | (18.94) |
| (v) Others | - | - |
| (vi) MAT Credit Taken | - | 0.44 |
| Total deferred tax for the year * | - | (78.57) |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

e. Components of deferred tax assets and liabilities

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Deferred tax liabilities | | |
| (i) Difference between book and tax depreciation | 968.62 | 968.62 |
| Total Deferred Tax Liabilities (A) | 968.62 | 968.62 |
| (b) Deferred tax assets | | |
| (i) Disallowances under Income Tax | 4.90 | 4.90 |
| (ii) Provision for doubtful debts & advances | 19.01 | 19.01 |
| (iii) Unabsorbed depreciation and business losses | 663.26 | 663.26 |
| (iv) Minimum Alternate Tax | 281.45 | 281.45 |
| Total Deferred Tax Assets (B) | 968.62 | 968.62 |
| Total (A-B) | - | - |

- f. The Company has following unused tax losses which arisen on incurrence of capital losses under the Income Tax Act, 1961 for which no deferred tax assets has been recognised in the balance sheet.

(₹ in crores)

| Financial Year | As at March 31, 2021 | Expiry date |
|----------------|-------------------------|-------------|
| 2013-14 | 55.75 | 31-3-2023 |
| 2015-16 | 0.23 | 31-3-2025 |
| 2016-17 | 55.02 | 31-3-2026 |

* Ind AS 12, 'Income Taxes' requires the company to determine probability of sufficient taxable income to utilize the deferred tax assets including MAT credit. Considering the factors described in Note 35 and 36 above, the company is of the view not to recognize deferred tax assets during the year under review.

- 43 In view of losses incurred, the Company has spent Nil (Previous Year Nil) towards schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013.

- I. Gross amount required to be spent by the Company during the year Nil (Previous Year ₹ 2.39 crores)
II. Amount spent during the year on:

| Particulars | (₹ in crores) |
|--|---------------|
| i) Construction/Acquisition of any asset | - |
| | (-) |
| ii) For purposes other than (i) above | - |
| | (-) |
| [figures in brackets pertain to 2019-20] | |

44 Earnings per share

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| | ₹ per share | ₹ per share |
| Basic Earnings per share | (21.88) | (21.04) |
| Total basic earnings per share | (21.88) | (21.04) |
| Diluted Earnings per share | (21.88) | (21.04) |
| Total diluted earnings per share | (21.88) | (21.04) |

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year attributable to owners of the Company (₹ in crores) | (1,301.82) | (1,249.98) |
| Earnings used in the calculation of basic earnings per share (₹ in crores) | (1,301.82) | (1,249.98) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 595,021,416 | 594,095,088 |
| Earnings per share - Basic (₹) | (21.88) | (21.04) |

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Diluted earnings per share

The earnings used in calculation of diluted earnings per share are as follows.

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year attributable to owners of the Company (₹ in crores) | (1,301.82) | (1,249.98) |
| FCCB Interest Expenses (Net of Tax) | 3.12 | 3.67 |
| Earnings used in the calculation of diluted earnings per share (₹ in crores) | (1,298.70) | (1,246.31) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 599,778,386 | 603,974,932 |
| Earnings per share- Antidilutive in nature | (21.65) | (20.64) |
| Earnings per share- Diluted (₹) | (21.88) | (21.04) |

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Weighted average number of equity shares used in the calculation of basic earnings per share | 595,021,416 | 594,095,088 |
| Shares deemed to be issued for no consideration in respect of: | | |
| a. Employee options | - | - |
| b. Partly paid equity shares | - | - |
| c. Convertible bonds | 4,756,970 | 9,879,844 |
| Weighted average number of equity shares used in the calculation of Diluted EPS | 599,778,386 | 603,974,932 |

Note: There are potential equity shares issued by the Company which are anti-dilutive in its nature.

45 Ind As 115:Revenue from Contracts with Customers

The Company derives revenues primarily from sale of yarn.

The disaggregation of revenue from contracts with customers is as under:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|----------------|--------------------------------------|--------------------------------------|
| Domestic Sales | 1,685.39 | 1,634.29 |
| Export Sales | 3.76 | 0.63 |
| Total | 1,689.15 | 1,634.92 |

Contract Liability: (Advance received from customers)

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening Balance of Contract Liability | 0.94 | 8.56 |
| Revenue Recognised from the opening balance of contract liability | (0.94) | (8.56) |
| Current year Contract liability Carried Forward | 1.43 | 0.94 |
| Closing Balance of Contract Liability | 1.43 | 0.94 |

- 46 In respect of overseas direct investment (ODI) made by the company in the earlier years in erstwhile wholly owned subsidiary, the Directorate of Enforcement, Department of Revenue, Ministry of Finance, Government of India has held that the end-use of such funds made by the then foreign subsidiary company is in contravention of the provisions of Section 4 of the Foreign Exchange Management Act (FEMA), 1999 and has, therefore, vide its Seizure Order dated 15th December, 2017 attached the immovable property of the company by way of certain unencumbered open plots of land admeasuring in aggregate about 1,27,851.50 sq. metres having aggregate cost of ₹ 3.69 Crores as per books of accounts of the company. During F.Y. 2018-19, a Notice was issued to the company where by the company was required to show-cause as to why adjudicating proceedings as contemplated under the relevant Rules should not be held against the company and the aforesaid land should not be confiscated to the Central Government in terms of Section 13(2) of FEMA, 1999. The company strongly believes that it has not contravened provisions of FEMA as alleged in the seizure order and is, therefore, taking appropriate steps under the law. In the opinion of the management of the Company all the activities carried out by the then foreign subsidiary are in compliance with the ODI route under FEMA read with the relevant rules and regulations. The Company's management is confident of successful outcome from the proceedings. Therefore, no accounting adjustments have been made in the books of accounts of the Company in this regard.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

47 Leases

The Company as lessee

Leasing arrangements

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|-----------------|--------------------------------------|--------------------------------------|
| Office premises | 1.48 | 0.83 |
| Total | 1.48 | 0.83 |

As per the Standard, it is at the option of the company to apply IND AS 116 for the short-term leases (period of 12 months or less) & low value assets. Since all major lease agreements are for a period of 12 months and 1 of the long term lease is of low value, we have availed the exception. Lease Payments associated with short term \ low value leases shall be recognized as an expense on straight-line basis. Apart from this, there are no other assets taken on lease and hence IND AS 116 is not applicable.

48 Interest on borrowings is net of interest subsidy of Nil (Previous Year ₹ 11.08 crores)

49 Subsidies receivables (Note -16, Other Current Assets) of ₹ 387.12 crores outstanding as at 31st March, 2021 includes interest subsidy of ₹ 210.96 crores receivable under Revised Restructured Technology Upgradation Fund Scheme (RRTUFS) announced by Ministry of Textiles, Government of India for various years from F.Y. 15-16 to F.Y. 19-20 upto May,2019. The amount of subsidy benefit recognized is reduced from the borrowing costs in the respective years. The management of the company during the year is pursuing for recovery of this amount of subsidy and is hopeful of realization of this amount.

50 Commitments

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 74.81 | 75.19 |
| Total | 74.81 | 75.19 |

51 Contingent liabilities

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| a. Company has imported machineries duty free under EPCG Scheme for which duty saved amount * | 496.09 | 495.66 |
| b. Disputed demand not acknowledged as debt against which the Company has preferred appeal | 4.39 | 11.12 |
| c. Corporate guarantees given to Banks for credit facilities granted by the banks to a subsidiary | 0.00 | 0.19 |
| d. Counter guarantees given to banks against guarantees issued by banks on behalf of group companies to various authorities | 29.56 | 47.74 |
| Total | 530.04 | 554.71 |

* Against duty saved of ₹ 496.09 crore (Previous Year ₹ 495.66 crores) company has export obligation of ₹ 2,976.54 crores (Previous year ₹ 2,973.96 crore) for which company would be filing statement of export/redemption of EPCG License with DGFT in 2021-22.

(₹ in crores)

| Disputed demand not acknowledged as debt against which the Company has preferred appeal | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Income Tax * | 0.35 | 7.08 |
| Service tax* | 4.04 | 4.04 |
| Total | 4.39 | 11.12 |

* The amount deposited with the authority in respect of above Income Tax and Service Tax demands of ₹ 0.35 crores (previous year ₹ 7.08 crores) and ₹ 4.04 crores (previous year ₹ 4.04 crores) respectively.

52 Confirmation of balances (other than related party) in respect of amounts due from trade receivables, capital advances given and loans and advances granted as well as for the amounts due to/payables to trade payables have not been obtained and/or received by the company and, therefore, these balances remained unconfirmed. The process of obtaining confirmation from these parties could not be undertaken due to Covid 19, and will be now initiated by the management of the company and adjustments, if any required on reconciliation of balances on receipt of confirmations, shall be made subsequently. However, the management believes that the effect of such adjustments/discrepancies shall not be material.

53 In respect of certain plots of land located at village Lunsapur, Tal. Jafrabad of Amreli District in the state of Gujarat admeasuring in aggregate 821084 Sq. Mtrs., where the company's plant for manufacture of yarn is located, during the year 18-19, the company entered into Agreement to Sell with the owner of the land for purchase of these plots for aggregate consideration of ₹ 436.81 crores, the possession of which has been obtained by the company subsequent to the end of FY 18-19. The entire consideration amount of ₹ 436.81 crores has already been paid by the company to an intermediary party

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

who is also a party to this Agreement to Sell as confirming party. This includes certain plots of land having aggregate cost of ₹ 116.05 crores, which was already accounted for as purchase in the books of accounts of the company in F.Y. 2016-17. During F.Y.2018-19, ₹ 320.76 crores has been accounted as Purchases/Additions to Freehold Land in the books of accounts of the company. The final Sale Deed in respect of all these plots of land having aggregate consideration of ₹ 436.81 crores is yet to be executed and, therefore, the relevant expenses of stamp duty, registration fees, etc. shall be accounted for at the time of execution of documents and actual payment. Accordingly, Title Deeds in respect of all above lands have not been transferred in the name of the company.

- 54 During the relevant period, South Indian Bank Limited, PNB, Axis Bank, Karnataka Bank and Punjab & Sind Bank ("Banks") purportedly reported account of the Company as Fraud to Reserve Bank of India on the basis of forensic audit report issued by forensic auditor appointed by lead consortium bank.

According to Management at the relevant period, it had not received prior intimation from Banks as to conclusion of fraud in its NPA account and also the Company has not received copy of forensic audit report including basis for declaring the account of the Company as Fraud and that classification of fraud by lenders is unjust and unfair. Further reporting of fraud by Banks and other consortium lenders to RBI, if any, is unjust and unlawful.

Management incharge at the relevant period has filed Writ Petition (Civil) No. 6830 of 2020, 7825 of 2020, 920 of 2021, 3800 of 2021 in the Hon'ble Delhi High Court challenging the Reserve Bank of India Master Circular on Fraud. –Classification and Reporting by Commercial Banks and Select Financial Institutions bearing RBI/DBS/2016-17/28, DBS.CO.CFMC.BC.Mp.1/23.04.001/2016-17 dated 1 July 2016 and actions of Banks on grounds that it breaches principles of natural justice on multiple accounts, with the most blatant breach being the manner and mechanism for identification and declaration of an account as 'fraud'.

Against the reporting by Banks purporting to declare account of the Company as fraud to the Reserve Bank of India, the Hon'ble Delhi High Court on application of the Company, has [in the said Writ Petition (Civil) No. 6830 of 2020 (South Indian Bank Limited), 7825 of 2020 (Punjab National Bank, Axis Bank Limited & Karnataka Bank Limited), 920 of 2021 (Punjab & Sind Bank) and 3800 of 2021 (Reserve Bank of India, Export-Import Bank of India, Bank of India, Bank of Baroda, Canara Bank, Union Bank of India, Central Bank of India, IDBI Bank Limited, State Bank of India, Abu Dhabi Commercial Bank, Indian Overseas Bank, Bank of Maharashtra, HDFC Bank Ltd. and RBL Bank Ltd.) granted relief of 'stay' in relation to the impugned action of lenders declaring fraud in the account of the Company to the Reserve Bank of India or any further steps pursuant thereto.

- 55 The Company's operations were impacted in the month of March 2020 due to shutdown of Lunsapur plant following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Company is monitoring the situation closely. From 12th April 2020, operations have commenced in a phased manner with enforcement of strict working restrictions. The Company stabilises its operations in spite of COVID-19 challenges. The Company scale up its operations and have been working at 90% capacity comprising of more than 6 lakhs spindles during the end of the financial year. The scale up of operations is subject to substantial volatility in market and risk averseness due to 2nd and 3rd wave of Covid 19 for which company will keep updated.
- 56 The Company has outstanding advances of ₹ 531.91 crores receivables from Sintex Prefab & Infra Limited. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against Sintex Prefab & Infra Limited by Bank of Baroda (Financial Creditor) has been admitted vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 24.02.2021. The Company has submitted claims of ₹ 531.91 crores to Mr. Chandra Prakash Jain (IRP of Sintex Prefab & Infra Limited) on 16.03.2021.
- 57 Advances recoverable in cash or kind in Note – 16, "Other Current Assets", include Insurance claim of ₹ 23.11 crores of F.Y. 2016-17 is outstanding as on 31st March, 2021. The insurance company has repudiated claim pertaining to FY 2016 - 17. Management of company during the year has filed reply against the same and is hopeful of settling the claims in full. The Company has initiated legal proceedings against the same.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

58 The Company has defaulted in repayment of principal and interest payments. The period and amount of continuing default as on the Balance sheet date are as under:

(₹ in crores)

| Name of Lender | Principal | Interest | Period of Continuing Default Start Month |
|---|-----------------|-----------------|--|
| Banks/NBFCs | | | |
| Punjab National Bank (Including Oriental Bank of Commerce & United Bank of India) | 827.07 | 151.09 | May-19 |
| Punjab Sind Bank | 211.72 | 39.71 | May-19 |
| Bank of India | 264.73 | 101.41 | May-19 |
| Bank of Baroda (Including Dena Bank & Vijaya Bank) | 318.18 | 188.37 | May-19 |
| Canara Bank (Including Syndicate Bank) | 294.39 | 70.21 | May-19 |
| Central Bank of India | 24.90 | 59.35 | Jun-19 |
| Union Bank of India (Including Andhra Bank) | 53.44 | 119.33 | May-19 |
| South Indian Bank | 19.83 | 56.89 | May-19 |
| Karnataka Bank | 7.92 | 19.73 | May-19 |
| IDBI Bank | 50.00 | 16.06 | Jun-19 |
| State Bank of India | 16.49 | 47.10 | Aug-19 |
| Axis Bank Ltd | 82.41 | 14.51 | Jun-19 |
| Canbank Factors Limited | 5.54 | 0.97 | Jun-19 |
| The Federal Bank Limited | 13.28 | 2.16 | Jun-19 |
| UCO Bank Limited | 0.42 | 0.07 | Jun-19 |
| Abu Dhabi Commercial Bank | - | 10.97 | Oct-19 |
| DZ Bank AG | 47.59 | 7.30 | Oct-19 |
| | 2,237.91 | 905.23 | |
| Financial Institutions | | | |
| Export Import Bank of India | 169.38 | 107.54 | Jun-19 |
| | 169.38 | 107.54 | |
| Non-Convertible Debentures | 483.33 | 98.60 | Jun-19 |
| Total | 2,890.62 | 1,111.37 | |

59 During the year ended 31st March 2021, the company has not granted any options under the "Sintex ESOP 2018" to Eligible employees of the Company.

60 Events Occurring After Balance Sheet Date

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 29th June, 2021 there were no subsequent events to be recognized or reported that are not already disclosed except there is severe damage at our factory plant situated at Taluka Jafarabad, Lunsapur, Amreli, Gujarat due to Cyclone Tauktae on 17th May, 2021 and 18th May, 2021. The expected quantum of loss / damage due to Cyclone Tauktae and estimated impact on the production / operations is under process of determination. The loss / damage is covered by the Insurance and the Company has intimated about the incident of severe damage due to Cyclone Tauktae to the Insurance Company.

61 Contingent assets

The are no contingent assets recognised as at March 31, 2021.

62 Approval of financial statements

The financial statements were approved for issue by the Interim Resolution Professional on 29th June, 2021.

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of **Sintex Industries Limited**

Report on the Audit of the Consolidated Financial Statements

Auditor's Opinion

We have audited the accompanying consolidated financial statements of Sintex Industries Limited (hereinafter referred to as "the Parent") and its subsidiary company (BVM Overseas Limited) (the Parent and its subsidiaries together referred as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, Loss, total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 consolidated financial statements.

Emphasis of Matter

- i. We draw attention to Note 37 to the consolidated financial statement, which states that the Holding company's credit rating has been downgraded (Company's credit rating is "BWR D" from Brickwork Ratings India Pvt. Ltd. for Non-Convertible Debentures), which may substantially impair its ability to raise or generate funds to repay its obligations. As mentioned in the same note, The company has defaulted in debt obligation of debentures aggregating to ₹ 500.00 Crores for the period April,19 to 6th April,2021 (date of admission in Corporate Insolvency Resolution Process) apart from other credit facilities. However, Company has made provision for interest for the period April,2019 to March,2021. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against the Company by Invesco Asset Management (India) Private Limited (Financial Creditor) for default amount of ₹ 15,00,00,000/- (Principal amount) has been admitted against the Company vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 06.04.2021. Mr. Pinakin Shah (having registration no. IBBI/PA-002/IP-N00106/2017-18/10248) has been appointed as Interim Resolution Professional by the Honourable National Company Law Tribunal, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code 2016 and moratorium period under Section 14 of the Insolvency and Bankruptcy Code 2016 is declared.
- ii. We draw attention to Note 38 to the consolidated financial statement, with respect to impairment of assets. As described in the said note, the company has discontinued the manufacturing operations of structured fabrics (except bleaching facility) at Kalol effective from 1st July, 2019 on account of high cost of operations. The management of the company has assessed that any provision needs to be recognised on account of the impairment of assets in respect of property , plant and equipment of its Textile Division. The higher of Textile Division assets fair value (less cost of disposal) and its value in use as per valuation report obtained from approved valuer as on 30th September,2020 and is found lower than its carrying amount as per books of accounts of the company and hence the Company has recognised impairment loss of ₹ 426.64 crores for the year. Therefore, the impairment loss has been shown under "Exceptional Item".
- iii. We draw attention to Note 39 to the consolidated financial statement, with respect to conversion of Foreign Currency Convertible Bond (FCCB) into equity shares. As mentioned in the said note during the year 31st March, 2021, FCCBs aggregating to USD 7 Million have been converted into 5122874 equity shares resulting in increase in equity share capital by ₹ 0.51 crores and security premium by ₹ 46.70 crores. There are USD 6.5 Million FCCBs outstanding for conversion as on 31st March, 2021. Further, the company has defaulted in payment of interest amounting to USD 0.46 Million for the period 25th May,2019 to 25th Nov,2020.
- iv. We draw attention to Note 44 to the consolidated financial statement, with respect to recognition of deferred tax assets. As stated in the said Note, deferred tax asset has not been recognized in view of losses during the year.
- v. We draw attention to Note 50 to the consolidated financial statement, with respect to realization of subsidies aggregating to ₹ 210.96 Crores. As per the information and explanations furnished to us, the management is taking necessary actions for realization of these subsidies and as stated in the said Note, management is perusing for recovery of this amount of subsidy.
- vi. We draw attention to Note 53 to the consolidated financial statement, with respect to confirmation of balances. As stated in the said note Confirmation of balances in respect of amounts due from trade receivables, capital advances given and loans and advances granted as well as for the amounts due to/ payables to trade payables have not been obtained and/or received by the Group and, therefore, these balances remained unconfirmed. The process of obtaining confirmation from these parties could not been undertaken due to Covid 19, and will be now initiated by the management of the Group and adjustments, if any required on reconciliation of balances on receipt of confirmations, shall be made subsequently. However, the management believes that the effect of such adjustments/discrepancies shall not be material.

- vii. We draw attention to Note 55 to the standalone financial statement with respect to forensic audit. South Indian Bank Limited, Axis Bank, Karnataka Bank and Punjab & Sind Bank ("Banks") purportedly report NPA account of the Company as Fraud to Reserve Bank of India on the basis of forensic audit report issued by forensic auditor appointed by lead consortium bank.

The Company has clarified that it had not received prior intimation from PNB as to conclusion of fraud in its NPA account and also the Company has not received forensic audit report including basis for declaring the account of the Company as Fraud. The Company is in the process of adopting pro-active steps for enquiry with PNB. Against the reporting by Banks purporting to declare fraud to the Reserve Bank of India, the Hon'ble Delhi High Court on application of the Company granted relief of 'stay' in relation to the impugned action of lenders declaring fraud in the account of the Company to the Reserve Bank of India or any further steps pursuant thereto.

We are not made available with forensic audit report of the forensic auditor and are not aware about the any processes adopted by the company with banks for any enquiry. Further Management is of the view that classification of fraud by forensic auditor is unjust and unfair. We are not affirming the same.

- viii. We draw attention to Note 56 to the consolidated financial statement regarding nation wide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. It is stated in the said note that The Group operations were impacted in the month of March 2020 due to shutdown of Lunsapur plant following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Group is monitoring the situation closely. From 12th April 2020, operations have commenced in a phased manner with enforcement of strict working restrictions. The Group scale up its operations and have been working at 90% capacity comprising of more than 6 lakhs spindles during the end of the financial year. The scale up of operations is subject to substantial volatility in market and risk averseness due to 2nd and 3rd wave of Covid 19 for which company will keep updated.
- ix. We draw attention to Note 57 to the consolidated financial statement, wherein it is mentioned that The Company has outstanding advances of ₹ 531.91 crores receivables from Sintex Prefab & Infra Limited. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against Sintex Prefab & Infra Limited by Bank of Baroda (Financial Creditor) has been admitted vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 24.02.2021. The Company has submitted claims of ₹ 531.91 crores to Mr. Chandra Prakash Jain (IRP of Sintex Prefab & Infra Limited) on 16.03.2021.
- x. We draw attention to Note 58 to the consolidated financial statement, with respect to insurance claim receivable. The insurance claim receivable includes insurance claim of ₹ 23.11 crores of F.Y. 2016-17 is outstanding as on 31st March, 2021. The insurance company has repudiated claim pertaining to FY 2016-17. Management of company has filed reply against the same and is hopeful of settling the claims in full. The Company has initiated legal proceedings against the same.
- xi. We draw attention to Note 59 to the consolidated financial statement, with respect to defaulted in repayment of principal and interest payments. The period and amount of continuing default as on the Balance sheet date are as under:

(₹ in Crores)

| Name of lenders | Principal | Interest | Period to which it relates |
|---|---------------|--------------|----------------------------|
| Banks / NBFCs | | | |
| Punjab National Bank (Including Oriental Bank of Commerce & United Bank of India) | 827.07 | 151.09 | May'19 to Mar'21 |
| Punjab Sind Bank | 211.72 | 39.71 | |
| Bank of India | 264.73 | 101.41 | |
| Bank of Baroda (Including Dena Bank & Vijaya Bank) | 318.18 | 188.37 | |
| Canara Bank (Including Syndicate Bank) | 294.39 | 70.21 | |
| Union Bank of India (Including Andhra Bank) | 53.44 | 119.33 | |
| South Indian Bank | 19.83 | 56.89 | |
| Karnataka Bank | 7.92 | 19.73 | |
| Central Bank of India | 24.90 | 59.35 | June'19 to Mar'21 |
| IDBI Bank | 50.00 | 16.06 | |
| Axis Bank Ltd | 82.41 | 14.51 | |
| Canbank Factors Limited | 5.54 | 0.97 | |
| The Federal Bank Limited | 13.28 | 2.16 | |
| UCO Bank Limited | 0.42 | 0.07 | |
| State Bank of India | 16.49 | 47.10 | Aug'19 to Mar'21 |
| Abu Dhabi Commercial Bank | - | 10.97 | Oct'19 to Mar'21 |
| DZ Bank AG | 47.59 | 7.30 | |
| Export Import Bank of India | 169.38 | 107.54 | Jun'19 to Mar'21 |
| Non Convertible Debentures | 483.33 | 98.60 | Jun'19 to Mar'21 |

- xii. We draw attention to Note 61 to the consolidated financial statement, with respect to events occurring after balance sheet date. As per that note the factory plant situated at Taluka Jafarabad, Lunsapur, Amreli, Gujarat is severely damage due to Cyclone Tauktae on 17th May, 2021 and 18th May, 2021. The expected quantum of loss / damage due to Cyclone Tauktae and estimated impact on the production / operations is under process of determination. The loss / damage is covered by the Insurance and the Company has intimated about the incident of severe damage due to Cyclone Tauktae to the Insurance Company.

Our Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The Company's Board of Directors and IRP are responsible for the other information. The other information comprises the information included in the Board's Report and Annexure to Board's Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's and Interim Resolution Professional's Responsibility for the Consolidated Financial Statement

The Company's Board of Directors and Interim resolution Professional are responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matters

We did not audit the financial statement / financial information of 1 subsidiary included in the consolidated financial statements, whose financial statement / financial information reflects total assets of ₹ 90.33 Crores as at 31st March, 2021, total revenue of ₹ 295.96 Crores, total Net profit after tax of ₹ 0.20 Crores and total Comprehensive income of ₹ 0.20 Crores for the year ended 31st March, 2021 respectively and net cash inflow of ₹ 1.03 Crores for the year ended on 31st March, 2021 as considered in the statement. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiary is based solely on the report of the other auditor and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our report on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of the subsidiary incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the IRP, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's report of the Parent Company and Subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no managerial remuneration has been paid by the company to its directors during the year in accordance with provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no 52 to the consolidated financial statements;
 - ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the investor's education and protection fund by the company.

For, R Choudhary & Associates
Chartered Accountants
Firm Regn. No: 101928W

Place : Ahmedabad
Date : 29th June, 2021
UDIN : 21133388AAAAMI4254

K M Chaudhary
(Partner)
M. No.: 133388

ANNEXURE A - to the Independent Auditors' Report

of even date on the Consolidated Financial Statements of Sintex Industries Limited

(Referred to in Paragraph 2(F) under the Heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of the Parent Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of SINTEX INDUSTRIES LIMITED (hereinafter referred to as "the Parent Company") and its subsidiary Companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its Subsidiary company which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the other auditor of the subsidiary companies incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Parent and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors, as referred to in Other Matters paragraph below, the Parent and its subsidiary Companies which are incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2021, based on, "the internal control with reference to financial statements established by the respective companies,

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as its relates to consolidated/standalone financial statements of subsidiary company which are incorporated in India, is based solely on the corresponding reports of the auditor of such company.

Our opinion is not modified in respect of the above matter.

For, R Choudhary & Associates
Chartered Accountants
Firm Regn. No: 101928W

Place : Ahmedabad
Date : 29/06/2021
UDIN : 21133388AAAAMI4254

K M Chaudhary
(Partner)
M. No.: 133388

Consolidated Balance Sheet as at March 31, 2021

(₹ in crores)

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|------|----------------------|----------------------|
| I ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 7,303.57 | 8,011.14 |
| (b) Capital work-in-progress | | 1,066.25 | 1,065.12 |
| (c) Other Intangible assets | 5 | 1.60 | 2.41 |
| (d) Financial Assets | | | |
| (i) Investments | 7 | 35.66 | 35.58 |
| (ii) Loans | 8 | 3.92 | 3.65 |
| (e) Deferred tax assets | 21 | 0.74 | 1.30 |
| (f) Other non-current assets | 9 | 383.49 | 384.01 |
| (g) Non-current tax assets (net) | 10 | 2.25 | 46.98 |
| Total non-current assets | | 8,797.48 | 9,550.19 |
| Current assets | | | |
| (a) Inventories | 11 | 158.06 | 137.72 |
| (b) Financial assets | | | |
| (i) Investments | | - | - |
| (ii) Trade receivables | 12 | 109.41 | 59.52 |
| (iii) Cash and cash equivalents | 13 | 28.10 | 18.39 |
| (iv) Bank balances other than (iii) above | 14 | - | - |
| (v) Loans | 15 | 67.53 | 62.08 |
| (c) Other current assets | 16 | 712.41 | 717.83 |
| Total current assets | | 1,075.51 | 995.54 |
| TOTAL ASSETS | | 9,872.99 | 10,545.73 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to owners of the parent | | | |
| (a) Equity share capital | 17 | 59.92 | 59.41 |
| (b) Other equity | 18 | 1,820.38 | 3,080.60 |
| Total equity | | 1,880.30 | 3,140.01 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 0.00 | 0.00 |
| (b) Provisions | 20 | 4.37 | 5.44 |
| (c) Deferred tax liabilities (net) | 21 | 0.00 | 0.00 |
| Total non-current liabilities | | 4.37 | 5.44 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 22 | 1,603.45 | 1,487.72 |
| (ii) Trade payables | | | |
| (a) Total outstanding dues of Micro and Small Enterprise | 23 | 3.59 | 4.08 |
| (b) Total outstanding dues of creditors other than micro and small enterprise | 23 | 110.56 | 144.87 |
| (iii) Other financial liabilities | 24 | 6,259.05 | 5,754.38 |
| (b) Other current liabilities | 25 | 6.38 | 3.96 |
| (c) Provisions | 26 | 5.29 | 5.27 |
| Total current liabilities | | 7,988.32 | 7,400.28 |
| Total liabilities | | 7,992.69 | 7,405.72 |
| TOTAL EQUITY AND LIABILITIES | | 9,872.99 | 10,545.73 |

See accompanying notes 1 to 63 to the consolidated financial statements

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(₹ in crores)

| Particulars | Note | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|------|--------------------------------------|--------------------------------------|
| I Revenue from operations | 27 | 1,695.71 | 1,701.19 |
| II Other income | 28 | 61.06 | 40.11 |
| III Total Income (I+II) | | 1,756.77 | 1,741.30 |
| IV Expenses | | | |
| (a) Cost of materials consumed | 29 | 1,110.24 | 1,097.22 |
| (b) Purchases of stock-in-trade | 30 | 0.00 | 0.18 |
| (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 31 | 11.97 | 152.78 |
| (d) Employee benefits expense | 32 | 134.57 | 157.66 |
| (e) Finance costs | 33 | 795.32 | 747.58 |
| (f) Depreciation and amortisation expense | 6 | 281.77 | 284.45 |
| (g) Other expenses | 34 | 302.25 | 643.82 |
| Total expenses (IV) | | 2,636.12 | 3,083.69 |
| V Profit/(Loss) before tax and Exceptional Item(III-IV) | | (879.35) | (1,342.39) |
| VI Exceptional Item | 35 | 426.64 | - |
| VII Profit/(Loss) before tax (V)-(VI) | | (1,305.99) | (1,342.39) |
| VIII Tax expense: | | | |
| (a) Current tax | | - | - |
| (b) Short/(Excess) Provision for tax of earlier years | | (0.14) | (6.12) |
| (c) Deferred tax | | 0.56 | (79.86) |
| | | 0.42 | (85.98) |
| IX Profit after tax for the year (VII-VIII) | | (1,306.41) | (1,256.41) |
| Other Comprehensive Income: | | | |
| A (i) Items that will not be reclassified to Statement of Profit and Loss | | | |
| (a) Equity instruments through other comprehensive income | | 0.08 | (1.00) |
| (b) Remeasurment of the net defined benefit plans | | (0.59) | (1.19) |
| (ii) Income tax relating to items that will not be reclassified to Statement of Profit and Loss | | - | - |
| B (i) Items that will be reclassified to Statement of Profit and Loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to Statement of Profit and Loss | | - | - |
| X Other Comprehensive Income for the year (A(i)+(ii)+B(i)+(ii)) | | (0.51) | (2.19) |
| XI Total Comprehensive income for the year (IX+X) | | (1,306.92) | (1,258.60) |
| XII Earnings per share (of ₹ 10/- each): | | | |
| Basic (In ₹) | 36 | (21.96) | (21.15) |
| Diluted (In ₹) | 36 | (21.96) | (21.15) |

See accompanying notes 1 to 63 to the consolidated financial statements

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2021

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| A Cash flow from operating activities | | |
| Net profit before tax and Exceptional Item | (879.35) | (1,342.39) |
| Adjustments for: | | |
| Unrealised Foreign Loss | 0.75 | 40.73 |
| Provision for advances and subsidy, Bad Debts written off | 21.28 | 228.61 |
| Interest income | (8.50) | (15.67) |
| Depreciation and amortisation expenses | 281.77 | 284.45 |
| Finance cost | 795.32 | 747.58 |
| Loss/(gain) on sale/ impairment of property, plant and equipment | - | 0.04 |
| Operating profit before working capital changes | 211.27 | (56.67) |
| Adjustments for increase/decrease in Operating Assets/ Liabilities: | | |
| Trade receivables, loans and other assets | (109.24) | 457.91 |
| Inventories | (20.35) | 194.67 |
| Trade payables, other liabilities and provisions | (30.35) | (178.95) |
| Cash generated from operations | 51.33 | 416.97 |
| Direct taxes paid (Net) | 44.88 | 16.91 |
| Net cash generated from operations activities (A) | 96.21 | 433.88 |
| B Cash flow from investing activities | | |
| Purchase of property, plant and equipment/addition to capital-work-in progress | (0.63) | (117.45) |
| Sale of fixed assets | - | 1.40 |
| (Purchase)/sale of current investments | - | 0.53 |
| Interest received | 8.58 | 16.47 |
| Net cash used in investing activities (B) | 7.95 | (99.05) |
| C Cash flow from financing activities | | |
| Proceeds from long term borrowings | - | - |
| Repayments from long term borrowings | (8.39) | (253.34) |
| Net increase/(decrease) in working capital borrowings | - | 62.09 |
| Interest Paid | (85.87) | (205.35) |
| Dividend paid | (0.19) | (0.11) |
| Net cash generated from financing activities (C) | (94.45) | (396.71) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 9.71 | (61.87) |
| Cash and cash equivalents at the beginning of the year | 18.39 | 80.26 |
| Cash and cash equivalents at the end of the year | 28.10 | 18.39 |

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 "Statement of Cash Flows".

- Cash and cash equivalents comprises of

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| (a) Balance with banks | 26.41 | 12.56 |
| (b) Cash on hand | 0.58 | 0.43 |
| (c) Cheques, draft on hand | - | - |
| (c) Bank deposits with upto 3 months maturity | 0.38 | 4.48 |
| | 27.37 | 17.47 |
| Other bank balances | | |
| Earmarked balances with banks | | |
| - Unclaimed dividend accounts | 0.73 | 0.92 |
| | 0.73 | 0.92 |
| Cash and cash equivalents in Cash flow statement | 28.10 | 18.39 |

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share Capital (₹ in crores)

| Particulars | Amount |
|---|--------|
| Balance as at 1st April, 2019 | 59.41 |
| Changes in equity share capital during the year | - |
| Balance as at 1st April, 2020 | 59.41 |
| Changes in equity share capital during the year | 0.51 |
| Balance as at March 31, 2021 | 59.92 |

B. Other equity (₹ in crores)

| Particulars | Equity component of compound financial instruments (FCCBs) | Reserves and surplus | | | | Item of other comprehensive income | Total |
|---|--|----------------------|------------------------------|-----------------|-------------------|---|------------|
| | | Securities premium | Debenture redemption reserve | General reserve | Retained earnings | Equity instruments through other comprehensive income | |
| Balance as at April 01, 2019 | 14.54 | 1,116.01 | 111.03 | 428.58 | 2,691.75 | (8.56) | 4,353.35 |
| Profit for the year | - | - | - | - | (1,256.41) | - | (1,256.41) |
| Other comprehensive income for the year, net of income tax -Equity Instruments through Other Comprehensive income | - | - | - | - | - | (1.00) | (1.00) |
| Remeasurement of net defined benefit plan | - | - | - | - | (1.19) | - | (1.19) |
| Total comprehensive income/ (loss) for the year | - | - | - | - | (1,257.60) | (1.00) | (1,258.60) |
| Transfer to reserve | - | - | - | - | - | - | - |
| Transfer to FCCBs | (14.54) | - | - | - | - | - | (14.54) |
| Reserve on unrealised profit | - | - | - | - | 0.39 | - | 0.39 |
| Balance as at March 31, 2020 | (0.00) | 1,116.01 | 111.03 | 428.58 | 1,434.54 | (9.56) | 3,080.60 |
| Premium on conversion of FCCBs | - | 46.70 | - | - | - | - | 46.70 |
| Profit for the year | - | - | - | - | (1,306.41) | - | (1,306.41) |
| Other comprehensive income for the year, net of income tax -Equity Instruments through Other Comprehensive income | - | - | - | - | - | 0.08 | 0.08 |
| Remeasurement of net defined benefit plan | - | - | - | - | (0.59) | - | (0.59) |
| Total comprehensive income for the year | - | - | - | - | (1,307.00) | 0.08 | (1,260.22) |
| Balance as at March 31, 2021 | (0.00) | 1,162.71 | 111.03 | 428.58 | 127.54 | (9.48) | 1,820.38 |

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

1. General Information

Sintex Industries Limited ("the Company") is primarily engaged in the business of manufacture and sale of yarn.

Sintex Industries Limited is a public limited company incorporated in India on June 01, 1931 under the Companies Act, 1956 and listed on the Bombay Stock Exchange and National Stock Exchange. The registered office of the Company is at Kalol (North Gujarat) – 382 721, India. The Textile Division of the company is situated at Kalol (N.G) and its Yarn Division is situated at Village Lunsapur, Talu: Jafrabad, Dist: Amreli.

The consolidated financial statements comprise financial statements of the company and its subsidiary (collectively, the Group) for the year ended March 31, 2021. The principal activities of the subsidiary are described in note 40

2. Basis of preparation of Consolidated Financial Statements

I. Basis of preparation and Compliance with Ind AS

These consolidated financial statements of the Company as at and for the year ended March 31, 2021 has been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Companies Act, 2013 (collectively called as Ind AS).

The consolidated financial statements are prepared in accordance with the principles and procedures laid down under the Accounting Standard notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as disclosed in Note no. 40 combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

II. Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiary company.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other event in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the respective entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the said entity, unless it is impracticable to do so.

The consolidated financial statements have been prepared on the following basis.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its power and involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are considered for consolidation when the Group obtains control over the subsidiary and are derecognized when the Group loses control of the subsidiary. Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains resulting on intra-group transactions are eliminated in full. Unrealized losses resulting from intra-group transactions are eliminated in arriving at the carrying amount of assets unless transaction provides an evidence of impairment of transferred asset.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Statement of Profit and Loss and Consolidated Balance Sheet, separately from parent shareholders' equity. Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Groups interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

III. Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, using historical cost convention and on an accrual method of accounting, except for the following assets and liabilities which have been measured at fair value, as required by relevant Ind AS.

1. Derivative financial instruments
2. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
3. Defined benefit plans

IV. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees, which is the Group's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Crore with two decimals.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

V. Current and Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

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

- It is expected to be realized or intended to sold or consumed in the Group's normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realized within twelve months after the reporting period, or
- It is a 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 classified as current if it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period
- there is no unconditional right to defer the settlement of the liability beyond twelve months after the reporting period

The Group classifies all other liabilities as non-current. Current liabilities include current portion of non-current financial liabilities.

Deferred tax assets and 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 Group has identified twelve months as its operating cycle.

3. Significant Accounting policies

I. Revenue recognition

The Group derives revenues from sale and trading of yarn.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

The Group recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale.

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

The Group satisfies a performance obligation and recognises revenue over time, if any one of the following criteria is met.

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Subsidy income

Income from Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

II. Leases

Transition

Effective April 01, 2019, Group has adopted Ind AS 116 "leases" and applied the standard to all applicable lease contracts existing on April 1, 2019 using the modified retrospective method with cumulative effect of initially applying the standard recognised on the date of initial application. Accordingly, Group has not restated comparative information and recognised right of use assets at an amount equal to lease liability.

The Group's lease asset primarily consists of leases for building & Land. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Group as a lessee

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and finance cost portion of lease payments have been classified as financing cash flows.

Group as a lessor

At the inception of the lease, the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognizes lease payments received under operating leases as income over the lease term on a straight-line basis.

III. Foreign currency translations

The functional currency of the Company and its subsidiary has been determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is INR.

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The Group has decided to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the standalone financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP i.e. exchange differences relating to long term foreign currency monetary items in so far as they relate to acquisition of depreciable capital assets is adjusted to the cost of such capital asset and depreciated over the balance useful life of such asset.

IV. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

V. Employee Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

The Group presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

VI. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets on non-depreciable assets the carrying amounts of such properties are presumed to be recovered entirely through sale.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

VII. Property, plant and equipment

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition and hence regarded thereafter as historical cost.

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalized as the activities undertaken improves the economic benefits expected to arise from the asset.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Assets in the course of construction are capitalized in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalized where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalized.

VIII. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated Amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and Amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

IX. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is provided on buildings and plant & machinery on a straight-line method and in case of other tangible assets, on written-down value method over the estimated useful lives of the assets as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for plant and machinery, where life of the plant and machinery has been assessed as under based on technical advice, taking into account the nature of the plant and machinery, the estimated usage of the plant and machinery, the operating conditions of the plant and machinery, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The useful lives of plant and machinery has been estimated as 22 years and 30 years for different categories as technically determined.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Intangible assets are amortized over their estimated useful lives on straight line method. The amortization rates used for intangible assets are as under:

| Class of assets | Years |
|-----------------|---------|
| Software | 5 years |

Freehold land is not depreciated. Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

X. Impairment of non-current assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

XI. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, traded goods and stores and spares are ascertained on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

XII. Financial Instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A. Financial assets

a) Recognition and initial measurement

- i) The Group initially recognizes loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group became a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.
- ii) In case of investments in subsidiary, joint ventures and associates the Company has chosen to measure its investments at deemed cost.
- iii) The Company has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price prospectively to transactions entered into on or after the date of transition to Ind AS.

b) Classification

On initial recognition, a financial asset is classified as measured at; amortized cost, FVOCI or FVTPL

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. 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 EIR. The EIR Amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12. A debt instrument is classified as FVOCI only if it meets both the of the following conditions and is not recognised at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments 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). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Group's consolidated balance sheet) when:

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

When the group 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

asset, nor transferred control of the asset, the group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the group also recognizes 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.

d) Impairment

Impairment of financial assets

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements)
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The group follows 'simplified approach' for recognition of impairment loss allowance on:

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

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: 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.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

e) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

B. Financial liabilities and equity instruments

a) Classification as debt or equity

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

b) Equity instruments

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated [statement of comprehensive income/Statement of Profit and Loss].

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in Statement of Profit and Loss.

d) Derivative financial instruments

The Group has entered into forward exchange contracts or principal only swap which are in substance of forward exchange contracts to manage its exposure to foreign currency cash flows.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

e) Reclassification of financial assets

The group 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 group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group 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 group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| Original classification | Revised classification | Accounting treatment |
|-------------------------|------------------------|--|
| Amortized cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortized Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortized cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortized cost | Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

XIII. 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, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

XIV. Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options.

XV. Segment Accounting

Identification of segments: Segments are identified in line with Ind AS - 108 "Operating Segments", taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

The Group operates in Textile business which is the only reportable segment in accordance with the requirements of Ind-AS 108 "Operating Segments". These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

XVI. Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Grants of the State and Central Government which are intended to compensate a specified percentage of the interest on borrowings are netted off against the related interest expenditure on borrowings.

Government grants whose primary condition is that Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss in the period in which they become receivable.

XVII. Provisions, Contingent liabilities, Contingent assets and Commitments: General

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent liability is disclosed in the case of:

A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;

A present obligation arising from the past events, when no reliable estimate is possible;

A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

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

XVIII. Cash flow statement

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Group are segregated.

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

3.1 Critical Judgements in applying accounting policies and key sources of estimation uncertainty

(a) Critical judgements in applying accounting policies

In the course of applying the policies outlined in all notes under section 2 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

(b) Key sources of estimation uncertainty

i) Useful lives and residual value of property, plant and equipment

Group reviews the useful lives and residual values of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, useful lives are reviewed annually using the best information available to the Management.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

ii) Fair value measurements and valuation process

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 43.

iii) Defined benefit plans

The cost of the defined benefit plans viz. gratuity, superannuation for the eligible employees of the Company are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rate.

iv) Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

4 Property, Plant and Equipment

(₹ in crores)

| Particulars | Freehold land | Buildings | Plant and machinery | Furniture, fixtures and Office equipments | Vehicles | Total |
|---|---------------|-----------------|---------------------|---|--------------|-----------------|
| Cost or deemed cost | | | | | | |
| At April 01, 2019 | 792.51 | 1,399.74 | 6,643.38 | 27.92 | 18.36 | 8,881.91 |
| Additions | - | - | 0.38 | 0.15 | - | 0.53 |
| Disposals | (5.93) | - | (0.64) | - | (7.10) | (13.67) |
| At March 31, 2020 | 786.58 | 1,399.74 | 6,643.12 | 28.07 | 11.26 | 8,868.77 |
| Additions | - | - | - | 0.02 | - | 0.02 |
| Disposals | - | - | - | - | (0.03) | (0.03) |
| At March 31, 2021 | 786.58 | 1,399.74 | 6,643.12 | 28.09 | 11.23 | 8,868.76 |
| Accumulated depreciation and impairment | | | | | | |
| At April 01, 2019 | - | 62.34 | 493.51 | 12.19 | 11.43 | 579.47 |
| Charged to Statement of Profit and Loss during the year | | 47.57 | 230.09 | 4.27 | 1.67 | 283.60 |
| Disposals | | - | (0.05) | - | (5.39) | (5.44) |
| At March 31, 2020 | - | 109.91 | 723.55 | 16.46 | 7.71 | 857.63 |
| Charged to Statement of Profit and Loss during the year | | 47.56 | 229.41 | 2.96 | 1.02 | 280.95 |
| Impairment | | | 426.64 | | | 426.64 |
| Disposals | | - | - | - | (0.03) | (0.03) |
| At March 31, 2021 | - | 157.47 | 1,379.60 | 19.42 | 8.70 | 1,565.19 |
| Net book value | | | | | | |
| At March 31, 2020 | 786.58 | 1,289.83 | 5,919.57 | 11.61 | 3.56 | 8,011.14 |
| At March 31, 2021 | 786.58 | 1,242.27 | 5,263.51 | 8.67 | 2.53 | 7,303.57 |

4.1 Addition to Fixed Assets include Capitalisation of borrowing Cost pertaining to qualifying assets of Nil (Previous year Nil).

4.2 The detail of property, plant and equipments pledged against borrowings are presented in note 19 and 22.

5 Other intangible assets

(₹ in crores)

| | |
|---|-------------|
| Cost or deemed cost | |
| As at April 01, 2019 | 4.86 |
| Additions | - |
| As at March 31, 2020 | 4.86 |
| Additions | 0.01 |
| At March 31, 2021 | 4.87 |
| Accumulated amortisation and impairment | |
| At April 1, 2019 | 1.60 |
| Charged to Statement of Profit and Loss during the year | 0.85 |
| As at March 31, 2020 | 2.45 |
| Charged to Statement of Profit and Loss during the year | 0.82 |
| At March 31, 2021 | 3.27 |
| Net book value | |
| As at March 31, 2020 | 2.41 |
| At March 31, 2021 | 1.60 |

6 Depreciation and amortisation expense

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|-----------------------------------|-----------------------------------|
| Depreciation of Property, plant and equipment | 280.95 | 283.60 |
| Amortisation of intangible assets | 0.82 | 0.85 |
| Total depreciation and amortisation | 281.77 | 284.45 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

7 Investments (non-current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Investments (At cost) | | |
| I At fair value through other comprehensive income | | |
| Investments in unquoted equity instruments - others: | | |
| BVM Finance Private Limited | | |
| 17,38,000 (previous year 17,38,000) shares of ₹10 each fully paid | - | - |
| Sintex Oil & Gas Limited | | |
| 50,000 (previous year 50,000) shares of ₹10 each fully paid | - | - |
| Healwell International Limited | | |
| 9,00,000 (previous year 9,00,000) shares of ₹10 each fully paid | 2.34 | 2.25 |
| Zep Infratech Ltd (formerly known as Sixvents Power and Engineering Limited) | | |
| 13,300 (previous year 13,300) shares of ₹ 10 each fully paid | - | 0.01 |
| Investment in quoted equity instruments - others: | | |
| Bank of Baroda (formerly known as Dena Bank | | |
| 3,322 (previous year 3,322) shares of ₹10 each fully paid | 0.02 | 0.02 |
| II Investment in Trust Securities | | |
| AAVAS TRUST 2019 | | |
| 33,30,22,460 (previous year 33,30,22,460) units of ₹1 per unit | 33.30 | 33.30 |
| Total investments at fair value through other comprehensive income | 35.66 | 35.58 |
| Aggregate book value of quoted Investments | 0.02 | 0.02 |
| Aggregate market value of quoted investments | 0.02 | 0.02 |
| Aggregate carrying value of unquoted Investments | 35.64 | 35.56 |

8 Loans (non current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Security deposits and earnest money deposits | 3.92 | 3.65 |
| Total | 3.92 | 3.65 |

9 Other non-current assets

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------|-------------------------|-------------------------|
| (a) Capital advance | 379.45 | 379.97 |
| (b) Service tax paid under protest | 4.04 | 4.04 |
| Total | 383.49 | 384.01 |

10 Non-Current Tax Assets (Net)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Advance tax (net of provision for taxation) | 2.25 | 46.98 |
| Total | 2.25 | 46.98 |

11 Inventories

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|-------------------------|-------------------------|
| (a) Raw materials | 75.70 | 42.64 |
| (b) Work-in-progress | 34.17 | 27.13 |
| (c) Finished goods | 33.46 | 45.71 |
| (d) Stock-in-Trade | 11.87 | 18.63 |
| (e) Stores and spares | 2.86 | 3.61 |
| Total | 158.06 | 137.72 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

12 Trade receivables *

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade receivables, Unsecured, considered good | 109.41 | 59.52 |
| Trade Receivables, credit impaired | 0.19 | 0.19 |
| Less: Provision for trade receivables | (0.19) | (0.19) |
| Total | 109.41 | 59.52 |

* Note: The average credit period on sales of good is 0 to 180 days. Credit Risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. One customer has a balance of more than 10% of the total balance of trade receivables.

13 Cash and Cash Equivalents

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (A) Cash and Cash Equivalents | | |
| (a) Balance with banks | 26.41 | 12.56 |
| (b) Cash on hand | 0.58 | 0.43 |
| (c) Bank deposits with upto 3 months maturity | 0.38 | 4.48 |
| | 27.37 | 17.47 |
| (B) Other bank balances | | |
| In earmarked accounts | | |
| - Unclaimed dividend accounts | 0.73 | 0.92 |
| | 0.73 | 0.92 |
| Total | 28.10 | 18.39 |

14 Bank Balances other than (13) above

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Other bank balances | | |
| Bank deposits having maturity beyond 3 months | - | - |
| Total | - | - |

15 Loans (Current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Unsecured, considered goods unless otherwise stated | | |
| (a) Security deposits & Earnest money deposits | 1.20 | 1.21 |
| (b) Other loans | | |
| Unsecured, considered good | 66.33 | 60.87 |
| Doubtful | 75.20 | 54.20 |
| Less: Provision for doubtful loans and advances | (75.20) | (54.20) |
| | 66.33 | 60.87 |
| Total | 67.53 | 62.08 |

16 Other current assets (Unsecured, considered good)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Export Incentive receivables | 0.01 | 0.07 |
| (b) Advance recoverable in cash or kind | 279.13 | 337.74 |
| (c) Prepaid expenses | 5.35 | 5.64 |
| (d) Balances with government authorities | 40.80 | 47.33 |
| (e) Subsidies receivables (Refer Note 50) | 387.12 | 326.96 |
| (f) Interest receivable | 0.00 | 0.09 |
| Total | 712.41 | 717.83 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

17 Equity Share capital

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Authorised | | |
| 65,00,00,000 (previous year 65,00,00,000) Equity Shares of ₹ 1 each | 65.00 | 65.00 |
| Total | 65.00 | 65.00 |
| Issued | | |
| 59,92,49,762 (previous year 59,41,26,888) Equity Shares of ₹ 1 each | 59.92 | 59.41 |
| Total | 59.92 | 59.41 |
| Subscribed and fully paid up | | |
| 59,92,17,962 (previous year 59,40,95,088) Equity Shares of ₹ 1 each | 59.92 | 59.41 |
| Total | 59.92 | 59.41 |

Notes:-

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars | Opening Balance | Conversion of FCCB into equity shares during the year | Right issue during the year | Closing Balance |
|-----------------------------------|-----------------|---|-----------------------------|-----------------|
| Equity Shares | | | | |
| Year ended 31st March 20 | | | | |
| - Number of shares | 594,095,088 | - | - | 594,095,088 |
| - Amount (₹ In Crore) | 59.41 | - | - | 59.41 |
| Year ended 31st March 2021 | | | | |
| - Number of shares | 594,095,088 | 5,122,874 | - | 599,217,962 |
| - Amount (₹ In Crore) | 59.41 | 0.51 | - | 59.92 |

(ii) Terms/ Rights attached to equity shares.

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share.

(iii) As at 31st March, 2021: 47,56,970 shares (previous year 98,79,844 shares) were reserved for issuance towards Foreign Currency Convertible Bonds (FCCB).

(iv) There are no shareholder holding more than 5% of Equity Share Capital of the company

18 Other Equity

Refer Statement of Changes in Equity for detailed movement in Equity Balances

A. Summary of Other Equity Balances

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Securities premium | 1,162.71 | 1,116.01 |
| (b) Debenture redemption reserve | 111.03 | 111.03 |
| (c) General reserve | 428.58 | 428.58 |
| (d) Equity component of compound financial instruments (FCCBs) | - | - |
| (e) Equity Instrument through other comprehensive income | (9.48) | (9.56) |
| (f) Retained earnings | 127.54 | 1,434.54 |
| Total | 1,820.38 | 3,080.60 |

B. Nature and purpose of reserves

(a) Securities Premium

Securities Premium is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

(b) Debenture redemption reserve

This reserve has been created for redemption of debentures issued by the company in compliance of provisions of the Companies Act, 2013 and rules framed there under.

(c) General Reserve

The general reserve is created from time to time by transfer of profits from retained earnings for appropriate purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of profit and loss.

(d) Equity instruments through other comprehensive income

The reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(e) Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

19 Borrowings (non-current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Secured- at amortised cost | | |
| (a) Debentures | - | - |
| (b) Term loans | | |
| (i) from banks | - | - |
| (ii) from a financial institution | - | - |
| (iii) Foreign Currency Term loans from a bank | - | - |
| Unsecured-at amortised cost | | |
| (a) Foreign currency convertible bonds (FCCB's) | - | - |
| (b) Term loan from a bank | - | - |
| Total | - | - |

Notes: For details of security, rate of interest and terms of repayment refer note 19 of Standalone Financial Statement.

20 Provisions (non-current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| (i) Provision for compensated absences | 2.75 | 2.03 |
| (ii) Provision for gratuity | 1.62 | 3.41 |
| Total | 4.37 | 5.44 |

21 Deferred tax liabilities (Net)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Deferred Tax Liability | | |
| (i) Difference between book and tax depreciation | 968.61 | 968.61 |
| | 968.61 | 968.61 |
| Deferred Tax Asset | | |
| (i) Disallowances under income tax | 4.90 | 4.90 |
| (ii) Provision for doubtful debts & advances | 19.01 | 19.01 |
| (iii) Unabsorbed depreciation | 662.69 | 663.25 |
| (iv) Minimum alternate tax | 282.75 | 282.75 |
| | 969.35 | 969.91 |
| Deferred Tax Liabilities (Net) | - | - |
| Deferred Tax Liabilities | - | - |
| Deferred Tax Assets | 0.74 | 1.30 |

22 Borrowings (current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Secured- at amortised cost- from Banks | | |
| (i) Loans repayable on demand (refer note below) | 1,353.46 | 1,210.30 |
| (b) Unsecured-at amortised cost | | |
| (i) from companies | 249.99 | 277.42 |
| Total | 1,603.45 | 1,487.72 |

Note: For details of security refer note 22 of Standalone Financial Statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

23 Trade payables

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Total outstanding dues of Micro and Small Enterprises | 3.59 | 4.08 |
| Total outstanding dues of creditors other than micro and small enterprise | 110.56 | 144.87 |
| Total | 114.15 | 148.95 |

The average credit period on purchases of certain goods is 7 to 180 days. No interest is charged on the trade payables for the first 180 days from the date of invoice. Thereafter, the interest is payable at 18% per annum on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Dues payable to Micro and Small Enterprises:

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Principal amount remaining unpaid to any supplier as at the year end | 3.59 | 4.08 |
| Interest due on the above mention principal amount remaining unpaid to any supplier as at the year end | 0 | 0 |
| Amount of the interest paid by the Company in terms of Section 16 | 0 | 0 |
| Amount of the interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act | 0 | 0 |
| Amount of interest accrued and remainga unpaid at the end of the accounting year | 0 | 0 |

24 Other financial liabilities

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Current maturities of long-term debt | 4,929.16 | 4,984.02 |
| (b) Interest accrued on borrowings | 1,130.41 | 574.20 |
| (c) Investor's education and protection fund | | |
| Unclaimed dividends | 0.73 | 0.92 |
| (d) Acceptances | 111.97 | 112.16 |
| (e) Other payables | | |
| (i) Payables on purchase of fixed assets | 86.37 | 82.54 |
| (ii) Trade / security deposits received | 0.41 | 0.54 |
| Total | 6,259.05 | 5,754.38 |

25 Other current liabilities

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| (a) Statutory remittances | 1.48 | 2.47 |
| (b) Advances from customers | 4.90 | 1.49 |
| Total | 6.38 | 3.96 |

26 Provisions (Current)

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| (i) Provision for compensated absences | 3.98 | 4.30 |
| (ii) Provision for gratuity | 1.31 | 0.97 |
| Total | 5.29 | 5.27 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

27 Revenue from operations (Refer Note 46)

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Sale of products | 1,697.41 | 1,714.93 |
| Less: Commission towards sales | 1.70 | 13.74 |
| Total | 1,695.71 | 1,701.19 |

28 Other income

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| (a) Interest income earned on financial asset that are not designated at fair value through profit or loss (FVTPL)" | 8.50 | 15.67 |
| (b) Net gain on foreign currency transactions and translation (other than considered as finance cost)" | 2.55 | 6.17 |
| (c) Subsidies from government authorities | 42.19 | 7.86 |
| (d) Miscellaneous income | 7.82 | 10.41 |
| Total | 61.06 | 40.11 |

29 Cost of materials consumed

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Opening stock | 42.64 | 83.00 |
| Add: Purchases | 1,143.30 | 1,056.86 |
| Less: Closing stock | 75.70 | 42.64 |
| Cost of material consumed | 1,110.24 | 1,097.22 |

30 Purchase of traded goods

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------|--------------------------------------|--------------------------------------|
| Yarn | 0.00 | 0.18 |
| Total | 0.00 | 0.18 |

31 Changes in inventories of finished goods, Stock in Trade and work-in-progress

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the end of the year: | | |
| (a) Finished goods | 33.46 | 45.71 |
| (b) Stock in Trade | 11.87 | 18.63 |
| (c) Work-in-progress | 34.17 | 27.13 |
| | 79.50 | 91.47 |
| Inventories at the beginning of the year: | | |
| (a) Finished goods | 45.71 | 113.72 |
| (b) Stock in Trade | 18.63 | 91.86 |
| (c) Work-in-progress | 27.13 | 38.67 |
| | 91.47 | 244.25 |
| Net (increase) / decrease | 11.97 | 152.78 |

32 Employee benefits expense

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Salaries and wages | 125.14 | 144.96 |
| (b) Contributions to provident and other funds | 6.72 | 9.20 |
| (c) Staff welfare expenses | 2.71 | 3.50 |
| Total | 134.57 | 157.66 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

33 Finance costs

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| (a) Interest expenses on borrowings (net of interest subsidy) | 771.06 | 707.03 |
| (b) Other borrowing cost | 24.26 | 40.55 |
| Total | 795.32 | 747.58 |

34 Other expenses

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Consumption of stores and spares | 46.48 | 38.45 |
| (b) Power and fuel | 177.78 | 183.56 |
| (c) Rent including lease rentals | 1.56 | 0.92 |
| (d) Repairs and maintenance - Buildings | 0.29 | 0.30 |
| (e) Repairs and maintenance - Machinery | 0.81 | 0.47 |
| (f) Repairs and maintenance - Others | 1.75 | 2.93 |
| (g) Insurance | 11.43 | 14.49 |
| (h) Rates and taxes | 3.19 | 1.80 |
| (i) Travelling and conveyance | 3.81 | 5.21 |
| (j) Transport and freight charges | 13.87 | 12.86 |
| (k) Donations and contributions | 0.00 | 1.02 |
| (l) Expenditure on corporate social responsibility (Refer Note-45) | 0.31 | - |
| (m) Payments to auditors | 0.16 | 0.30 |
| (n) Provisions for doubtful advances | 21.00 | 54.20 |
| (o) Legal and professional charges | 10.71 | 11.04 |
| (p) Bad Debts and Subsidy written off | 0.28 | 174.41 |
| (q) Loss on sale of assets (Net) | - | 0.04 |
| (r) Forex Loss | - | 40.73 |
| (s) General expenses | 8.82 | 101.09 |
| Total | 302.25 | 643.82 |

35 Exceptional Items

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Impairment Loss of Property, Plants and Equipments | 426.64 | - |
| Total | 426.64 | - |

36 Earnings Per share

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| | ₹ per share | ₹ per share |
| Basic Earnings per share (₹) | (21.96) | (21.15) |
| Diluted Earnings per share (₹) | (21.96) | (21.15) |

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year attributable to owners of the Company (₹ in crores) | (1,306.41) | (1,256.41) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 595,021,416 | 594,095,088 |
| Earnings per share - Basic (₹) | (21.96) | (21.15) |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Diluted earnings per share

The earnings used in calculation of diluted earnings per share are as follows:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year attributable to owners of the Company (₹ in crores) | (1,306.41) | (1,256.41) |
| FCCB Interest Expenses (Net of Tax) | 3.12 | 3.67 |
| Earnings used in the calculation of diluted earnings per share (₹ in crores) | (1,303.29) | (1,252.74) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 599,778,386 | 603,974,932 |
| Earnings per share- Antidilutive in nature | (21.73) | (20.74) |
| Earnings per share - Diluted (₹) | (21.96) | (21.15) |

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Weighted average number of equity shares used in the calculation of basic earnings per share | 595,021,416 | 594,095,088 |
| Shares deemed to be issued for no consideration in respect of: | | |
| a. employee options | - | - |
| b. partly paid equity shares | - | - |
| c. convertible bonds | 4,756,970 | 9,879,844 |
| Weighted average number of equity shares used in the calculation of Diluted EPS | 599,778,386 | 603,974,932 |

Note: There are potential equity shares issued by the Company which are anti-dilutive in its nature. However, the company has defaulted in payment of Interest on Convertible bonds amounting to USD 0.43 Million for the period 25th May'19 to 25th Nov'20.

37 The Holding Company is undergoing substantial financial stress and severe liquidity constraints since last Financial Year coupled with changed industrial dynamics, time and cost overrun in completion of its projects, reduction in subsidies and incentive benefits, Covid related disruptions etc. The company has defaulted in debt obligation of debentures aggregating to ₹ 500.00 Crores for the period April,19 to 6th April,2021 (date of admission in Corporate Insolvency Resolution Process) apart from other credit facilities. Further, Company's inability to meet its obligation in relation to the payment of certain letters of credit which led to devolvement and consequent over utilization of the cash credit facilities availed by the Company, delay in payment of certain term loan instalments as well as interest thereof. The Company's credit rating is "BWR D" from Brickwork Ratings India Pvt. Ltd. for Non-Convertible Debentures. However, Company has made provision for interest for the period April, 2019 to March, 2021.

The Holding Company submitted a Comprehensive Resolution Plan to all the lenders involving the re-structuring of debt availed. The proposal was prepared in accordance with the requirement set out in the circular issued by the Reserve Bank of India No. RBI/2018-19/203.DBR.NO.BP.BC.45/21.04.048/2018-19 dated 7th June, 2019, which was not accepted in all lenders meeting held on 5th July, 2019. The Inter-Creditor Agreement (ICA) for a potential restructuring of the company's liabilities was signed on 6th July, 2019. The Company submitted a revised Resolution Plan to lenders on 16th December, 2019, which was not accepted by the lenders due to higher provisioning requirement. Company once again submitted resolution plan on 14th August, 2020 which was also not accepted by the lenders. The Company thereafter submitted debt resolution proposal with proposal to change in ownership and restructuring of debt on 10th March, 2021 to the lead bank however the same has been also rejected. The results have been prepared on the basis that the company is a going-concern.

Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against the Company by Invesco Asset Management (India) Private Limited (Financial Creditor) for default amount of ₹ 15,00,00,000/- (Principal amount) of NCD has been admitted against the Company vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 06.04.2021. Mr. Pinakin Shah (having registration no. IBBI/IPA-002/IP-N00106/2017-18/10248) has been appointed as Interim Resolution Professional by the Honourable National Company Law Tribunal, Ahmedabad Bench under Section 13(1)(c) of the Insolvency and Bankruptcy Code 2016 and moratorium period under Section 14 of the Insolvency and Bankruptcy Code 2016 is declared.

First meeting and Second meeting of Committee of Creditors (CoC) held on 10th May, 2021 and 31st May, 2021 respectively. In first meeting, CoC members passed resolution for appointment of Resolution Professional subject to approval of Hon'ble NCLT Ahmedabad. Approval from Hon'ble NCLT Ahmedabad for appointment of Resolution Professional pending to be received.

38 The Holding company has discontinued the manufacturing operations of structured fabrics (except bleaching facility) at Kalol effective from 1st July, 2019 on account of high cost of operations. The management of the company has assessed that any provision needs to be recognised on account of the impairment of assets in respect of property, plant and equipment of its Textile Division. The higher of Textile Division assets fair value (less cost of disposal) and its value in use as per valuation report obtained from approved valuer as on 30th September, 2020 and is found lower than its carrying amount as per books of accounts of the company and hence the Company has recognised impairment loss of ₹ 426.64 crores for the year. Therefore, the impairment loss has been shown under "Exceptional Item".

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

39 Foreign Currency Convertible Bonds (FCCBs)

On May 25, 2016, the Holding Company issued USD 110 million Step Down Convertible Bonds due 2022 ("FCCBs"). The FCCBs bear interest (i) at the rate of 7% p.a from May 25, 2016 to May 25, 2018 and (ii) at the rate of 3.50% p.a from May 25, 2018 to May 25, 2022, payable semi-annually in arrear on the interest payment dates falling every year on 25 November and 25 May.

The FCCBs are convertible at any time on and after July 5, 2016 and up to the close of business on May 15, 2022 by holders of the FCCBs into fully paid equity shares with full voting rights of the Issuer each with a nominal value of ₹ 1 at the option of the holder, at an initial conversion price of ₹ 93.8125 per share with a fixed rate of exchange on conversion of ₹ 67.4463 = USD 1.00. The conversion price is subject to adjustment in certain circumstances and may be reset on November 25, 2018 and November 25, 2019 in accordance with the terms and conditions of the FCCBs.

Pursuant to the Composite Scheme of Arrangement approved by National Company Law Tribunal on 12th May, 2017 on exercising option for conversion of the FCCBs, the FCCB holders shall receive one fully paid equity shares of ₹ 1 each with full voting rights of Sintex Plastics Technology Limited (SPTL) and further the repayment of FCCBs is guaranteed by SPTL. In case of payment of any outstanding sum to the outstanding FCCB holders by the SPTL, the company shall without any further act, instrument, deed, matter or things, make the payment to SPTL as mutually decided by the company and SPTL.

With respect to USD 110 Million Foreign Currency Convertible Bonds due 2022 (FCCBs) raised by the Company during the year 31st March, 2021, FCCBs aggregating to USD 7 Million have been converted into 5122874 equity shares resulting in increase in equity share capital by ₹ 0.51 crores and security premium by ₹ 46.70 crores. There are USD 6.5 Million FCCBs outstanding for conversion as on 31st March, 2021. Further, the Company has defaulted in payment of Interest amounting to USD 0.46 Million for the period 25th May, 19 to 24th November, 2020.

40 Subsidiaries

Details of Group's subsidiaries at the end of the reporting period are as follows:

| Name of subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group | |
|----------------------|---------------------|--------------------------------------|---|------------------------|
| | | | As at 31st March, 2021 | As at 31st March, 2020 |
| BVM Overseas Limited | Trading of Products | India | 100% | 100% |

40.1 Disclosures mandated by Schedule III of Companies Act, 2013 by way of Additional Information

(₹ in crores)

| Name of entity in the Group | Share in Net Assets | | Share in profit and Loss | | Share in other comprehensive income | | Share in Total comprehensive income | |
|-----------------------------|---------------------------------|-----------------|-------------------------------|-------------------|---|---------------|-------------------------------------|-------------------|
| | As % of consolidated net assets | Amount | As a % of consolidated Profit | Amount | As % of consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| Sintex Industries Limited | 99.43 | 1,869.62 | 100.02 | (1,306.61) | 100.00 | (0.51) | 100.02 | (1,307.12) |
| BVM Overseas Limited | 0.57 | 10.68 | (0.02) | 0.20 | - | - | (0.02) | 0.20 |
| Total | 100.00 | 1,880.30 | 100.00 | (1,306.41) | 100.00 | (0.51) | 100.00 | (1,306.92) |

41 Related Party Transactions

a. Names of the related parties and description of relationship

| Sr. No. | Nature of Relationship | Name of Related Parties |
|---------|---------------------------------------|---|
| 1 | Key Management Personnel (KMP) | Shri Rahul A. Patel, Chairman & Managing Director Shri Amit D. Patel, Managing Director |
| 2 | Relatives of Key Management Personnel | Shri Dinesh B. Patel (Chairman) Upto 29th March, 2019 Shri Arun P. Patel (Vice-chairman) Upto 29th March, 2019 |

Balances and transactions between the Company and its subsidiary, which is related party of the Company, have been eliminated on consolidation and are not disclosed in the note. Details of transactions between the Group and other related parties are disclosed below:

b.1 Transactions during the year with related parties*:

(₹ in crores)

| Sr. No. | Nature of Transactions | Nature of Relationship | |
|---------|-------------------------|--|-------|
| | | Key Management Personnel & relatives thereof | Total |
| 1 | Managerial remuneration | - | - |
| | | (-) | (-) |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

b.2 Balance as at March 31, 2021*

(₹ in crores)

| Sr. No. | Nature of Transactions | Nature of Relationship | |
|---------|------------------------|--|--------|
| | | Key Management Personnel & relatives thereof | Total |
| 1 | Trade payable | - | - |
| | | (6.00) | (6.00) |

* Figures in brackets indicates figures of previous year

42 Segment information

i. Products and services from which reportable segments derive their revenues.

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The directors have chose to organise the Group around difference in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Company operates in Textile business which is the only reportable segment in accordance with the requirement of Ind AS 108 "Operating Segments".

ii. Geographical information

Geographical revenue is allocated based on the location of the customers.

Group's all non-current assets are located in India (i.e. its country of domicile).

The Group's revenue from external customers by location of operations are detailed below:-

(₹ in crores)

| Revenue from external customers | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---------------------------------|--------------------------------------|--------------------------------------|
| India (includes deemed export) | 1,504.91 | 1,368.26 |
| Asia (Other than India) | 126.90 | 190.29 |
| Europe | 14.80 | 70.86 |
| Others | 49.10 | 71.78 |
| Total | 1,695.71 | 1,701.19 |

43 Financial instruments

1 Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows.

(₹ in crores)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Debt (i) | 7,663.03 | 7,045.94 |
| Less: Cash and bank balances (Refer note 13 and 14) | 28.10 | 18.39 |
| Net debt | 7,634.93 | 7,027.55 |
| Total equity | 1,880.30 | 3,140.01 |
| Net debt to equity ratio | 4.06 | 2.24 |

(i) Debt is defined as long-term and short term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), as described in earlier notes (Refer note 19, 22 and 24).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

2 Categories of financial instruments

(₹ in crores)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | Carrying values | Fair values | Carrying values | Fair values |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| Non-current investments | - | - | - | - |
| Loans | 71.45 | 71.45 | 65.73 | 65.73 |
| Trade receivables | 109.41 | 109.41 | 59.52 | 59.52 |
| Cash and cash equivalents | 28.10 | 28.10 | 18.39 | 18.39 |
| Bank balances other than cash and cash equivalents | - | - | - | - |
| Total financial assets carried at amortised cost (A) | 208.96 | 208.96 | 143.64 | 143.64 |
| Measured at fair value through profit and loss | | | | |
| Current investments in mutual funds | - | - | - | - |
| Total financial assets at fair value through profit and loss (B) | - | - | - | - |
| Measured at fair value through other comprehensive income | | | | |
| Non-current investments in equity instruments | 35.66 | 35.66 | 35.58 | 35.58 |
| Total financial assets at fair value through other comprehensive income (C) | 35.66 | 35.66 | 35.58 | 35.58 |
| Total financial assets (A+B+C) | 244.62 | 244.62 | 179.22 | 179.22 |
| Financial liabilities | | | | |
| Measured at amortised cost | | | | |
| Non-current liabilities | | | | |
| Non-current borrowings * | - | - | 0.00 | 0.00 |
| Current liabilities | | | | |
| Short-term borrowings | 1,603.45 | 1,603.45 | 1,487.72 | 1,487.72 |
| Trade payables | 114.15 | 114.15 | 148.95 | 148.95 |
| Other financial liabilities | 6,259.05 | 6,259.05 | 5,754.38 | 5,754.38 |
| Total financial liabilities measured at amortised cost | 7,976.65 | 7,976.65 | 7,391.05 | 7,391.05 |
| Total financial liabilities | 7,976.65 | 7,976.65 | 7,391.05 | 7,391.05 |

* The fair value of Group fixed interest borrowing are determined by using Discounted Cash Flow Method.

3 Financial risk management objectives

The Group's Corporate finance department provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivatives for speculative purposes.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

4 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates due to foreign currency borrowings and variable interest loans. The Group has not been able to entered into derivative contracts to manage part of its foreign currency risk considering credit default. The Group does not enter into derivative contracts to manage risks related to anticipated sales and purchases.

5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options taken at the time of initiation of the booking by the management. Such decision is taken after considering the factors such as upside potential, cost of structure and the downside risks etc. Quarterly reports are submitted to Management Committee on the covered and open positions and MTM valuation.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in crores)

| Particulars | As at March 31, 2021 | | | | | As at March 31, 2020 | | | | |
|--|----------------------|---------------|-----------------|-------------|-----------------|----------------------|---------------|-----------------|--------|-----------------|
| | USD | EURO | INR | Others | Total | USD | EURO | INR | Others | Total |
| Financial assets | | | | | | | | | | |
| Non-current financial assets | | | | | | | | | | |
| Investments | - | - | 35.66 | - | 35.66 | - | - | 35.58 | - | 35.58 |
| Loans | - | - | 3.92 | - | 3.92 | - | - | 3.65 | - | 3.65 |
| Total non-current financial assets (A) | - | - | 39.58 | - | 39.58 | - | - | 39.23 | - | 39.23 |
| Current financial assets | | | | | | | | | | |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Trade receivables | 11.95 | 0.49 | 96.97 | - | 109.41 | 10.08 | - | 49.44 | - | 59.52 |
| Cash and cash equivalents | - | - | 28.10 | - | 28.10 | - | - | 18.39 | - | 18.39 |
| Bank balances other than cash and cash equivalents | - | - | - | - | - | - | - | - | - | - |
| Loans | - | - | 71.45 | - | 71.45 | - | - | 65.73 | - | 65.73 |
| Other financial assets | - | - | - | - | - | - | - | - | - | - |
| Total current financial assets (B) | 11.95 | 0.49 | 196.52 | - | 208.96 | 10.08 | - | 133.56 | - | 143.64 |
| Total financial assets (C) = (A) + (B) | 11.95 | 0.49 | 236.09 | - | 248.54 | 10.08 | - | 172.79 | - | 182.87 |
| Financial liabilities | | | | | | | | | | |
| Non current financial liabilities | | | | | | | | | | |
| Borrowings | - | - | - | - | 0.00 | - | - | 0.00 | - | 0.00 |
| Total non-current financial liabilities (D) | - | - | - | - | 0.00 | - | - | 0.00 | - | 0.00 |
| Current financial liabilities | | | | | | | | | | |
| Borrowings | - | - | 1,603.45 | - | 1,603.45 | - | - | 1,487.72 | - | 1,487.72 |
| Trade payables | 0.39 | 0.04 | 113.32 | 0.40 | 114.15 | 0.36 | 0.04 | 148.55 | - | 148.95 |
| Other financial liabilities | 189.98 | 279.59 | 5,789.40 | 0.08 | 6,259.05 | 238.79 | 262.09 | 5,253.50 | - | 5,754.38 |
| Total current financial liabilities (E) | 190.37 | 279.63 | 7,506.17 | 0.48 | 7,976.65 | 239.15 | 262.13 | 6,889.77 | - | 7,391.05 |
| | 190.37 | 279.63 | 7,506.17 | 0.48 | 7,976.65 | 239.15 | 262.13 | 6,889.77 | - | 7,391.05 |
| Excess of financial liabilities over financial assets (F)-(C) | 178.42 | 279.14 | 7,270.08 | 0.48 | 7,728.12 | 229.07 | 262.13 | 6,716.98 | - | 7,208.18 |
| Net Exposure of foreign currency risk | 178.42 | 279.14 | - | 0.48 | 458.04 | 229.07 | 262.13 | - | - | 491.20 |
| Sensitivity impact on Net liabilities/ (assets) exposure at 10% | 17.84 | 27.91 | - | 0.05 | 45.80 | 22.91 | 26.21 | - | - | 49.12 |

5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to USD and EURO currency.

The above table details the Group's sensitivity to a 10% increase and decrease in the INR against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency risk denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number below indicates an increase in profit/equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit/equity and the balances below would be positive.

5.2 Forward foreign exchange contracts

The Group has not been able to enter into forward foreign exchange contracts to cover foreign currency payments and receipts considering credit default.

6 Interest rate risk management

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Group has exposure to interest rate risk, arising principally on changes in PLR and LIBOR rates. The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible debentures and short term loans. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table in 6.1 provides a break-up of the Group's fixed and floating rate borrowings:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Group's fixed and floating rate borrowings and interest rate sensitivity analysis.

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------|-------------------------------|---|-------------------------------|---|
| | Gross amount (₹ in crores) | Interest rate sensitivity @0.50% (₹ in crores) | Gross amount (₹ in crores) | Interest rate sensitivity @0.50% (₹ in crores) |
| Fixed loan | 547.78 | - | 601.77 | - |
| Variable loan | 7,115.25 | 35.58 | 6,444.17 | 32.22 |
| Total | 7,663.03 | 35.58 | 7,045.94 | 32.22 |

7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Group 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 Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to the above mentioned Group did not exceed 10% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

7.1 Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

8 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in crores)

| Particulars | As at March 31, 2021 | | | | As at March 31, 2020 | | | |
|--|----------------------|--------------|-----------|-----------------|----------------------|--------------|-----------|-----------------|
| | < 1year | 1-5 years | > 5 years | Total | < 1year | 1-5 years | > 5 years | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| Investments | - | 35.66 | - | 35.66 | - | 35.58 | - | 35.58 |
| Loans | - | 3.92 | - | 3.92 | - | 3.65 | - | 3.65 |
| Total non-current financial assets | - | 39.58 | - | 39.58 | - | 39.23 | - | 39.23 |
| Current | | | | | | | | |
| Investments | - | - | - | - | - | - | - | - |
| Trade receivables | 109.41 | - | - | 109.41 | 59.52 | - | - | 59.52 |
| Cash and cash equivalents | 28.10 | - | - | 28.10 | 18.39 | - | - | 18.39 |
| Bank balances other than cash and cash equivalents | - | - | - | - | - | - | - | - |
| Loans | 71.45 | - | - | 71.45 | 65.73 | - | - | 65.73 |
| Other financial liabilities | - | - | - | - | - | - | - | - |
| Total current financial assets | 208.96 | - | - | 208.96 | 143.64 | - | - | 143.64 |
| Total financial assets | 208.96 | 39.58 | - | 248.54 | 143.64 | 39.23 | - | 182.87 |
| Financial liabilities | | | | | | | | |
| Non-current | | | | | | | | |
| Borrowings | - | - | - | 0.00 | - | - | - | 0.00 |
| Total non-current financial liabilities | - | - | - | 0.00 | - | - | - | 0.00 |
| Current | | | | | | | | |
| Borrowings | 1,603.45 | - | - | 1,603.45 | 1,487.72 | - | - | 1,487.72 |
| Trade payables | 114.15 | - | - | 114.15 | 148.95 | - | - | 148.95 |
| Other financial liabilities | 6,259.05 | - | - | 6,259.05 | 5,754.38 | - | - | 5,754.38 |
| Total current financial liabilities | 7,976.65 | - | - | 7,976.65 | 7,391.05 | - | - | 7,391.05 |
| Total financial liabilities | 7,976.65 | - | - | 7,976.65 | 7,391.05 | - | - | 7,391.05 |

9 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets. Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crores)

| Particulars | Fair values as at March 31, 2021 | Fair values as at March 31, 2020 | Level* | Valuation technique and key inputs |
|--|----------------------------------|----------------------------------|--------|---|
| Financial assets | | | | |
| Non-current investments | - | - | 3 | |
| Investment in unquoted equity instruments | - | - | 3 | |
| BVM Finance Pvt Ltd | 2.34 | 2.25 | 3 | Net assets method was used to capture the present value of the expected future economic benefits that will flow to the entity due to the investments. |
| Sintex Oil and Gas Ltd | - | 0.01 | 3 | |
| Healwell International Ltd | - | - | - | |
| Zep Infratech Pvt Limited | 0.02 | 0.02 | 1 | |
| Investment in quoted equity instruments | - | - | 1 | |
| Bank of Baroda (formerly known as Dena Bank) | - | - | 1 | Quoted bid prices in an active market |
| Current investments | | | | |
| Investments in Mutual funds | - | - | - | Quoted bid prices in an active market |

* There were no transfers between Level 1 and Level 3 during the period.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

44 Income taxes

The Holding Company has decided not to opt new taxation scheme of Section 115BAA of the income tax Act 1961, Introduced by the Taxation Law (Amendment) ordinance 2019 effective from financial 2019-2020 in view of MAT Credit Availability, Accumulated Losses and Unabsorbed Depreciation.

a. Income taxes recognised in Statement of Profit and Loss

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | 0.00 | 0.00 |
| Excess/(Short) provision for tax of earlier years | (0.14) | (6.12) |
| Deferred tax | | |
| In respect of the current year | 0.56 | (79.86) |
| Total income tax expense recognised in the current year | 0.42 | (85.98) |

b. Tax Reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Income before taxes | (1,305.99) | (1,342.39) |
| Enacted tax rate in India | 34.944% | 34.944% |
| Expected income tax expense at statutory tax rate | (456.36) | (469.08) |
| Effect of: | | |
| Expenses on which deferred tax not recognised | 455.11 | - |
| Tax effect on non-deductible expenses | 0.08 | 47.73 |
| Tax effect on deductible expenses | - | (0.90) |
| Others | 1.74 | - |
| Reversal of MAT Credit recognised of earlier years | - | (0.87) |
| (Short)/Excess provision for tax of earlier years | (0.14) | (6.12) |
| Current year loss to be Carried Forward | - | 343.27 |
| Income taxes recognised in the Statement of Profit and Loss | 0.42 | (85.98) |

c. Income tax recognised in other comprehensive income

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| As at March 31, 2019 | - | - |
| Total income tax recognised in other comprehensive income | - | - |
| Bifurcation of the income tax recognised in other comprehensive income into:- | | |
| Items that will not be reclassified to Statement of Profit and Loss | - | - |
| Items that will be reclassified to Statement of Profit and Loss | - | - |
| | - | - |

In view of losses during the year, Group has not recognised deferred tax on OCI Item.

d. Components of Deferred Tax (charge)/benefit for the year

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Depreciation and amortisation | - | 138.52 |
| Unabsorbed depreciation and losses | 0.56 | (199.91) |
| Disallowances under Income Tax | - | 1.34 |
| Provision of bad and doubtful debts | - | (18.94) |
| MAT Credit Taken | - | (0.87) |
| Total deferred tax for the year * | 0.56 | (79.86) |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

e. Components of deferred tax assets and liabilities

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| (a) Deferred tax liabilities | | |
| (i) Difference between book and tax depreciation | 968.61 | 968.61 |
| | 968.61 | 968.61 |
| (b) Deferred tax assets | | |
| (i) Disallowances under Income Tax | 4.90 | 4.90 |
| (ii) Provision for doubtful debts & advances | 19.01 | 19.01 |
| (iii) Unabsorbed depreciation and losses | 662.69 | 663.25 |
| (iv) Minimum Alternate Tax | 282.75 | 282.75 |
| | 969.35 | 969.91 |
| Deferred tax liabilities (net) | - | - |
| Deferred tax liabilities | - | - |
| Deferred tax assets | 0.74 | 1.30 |

- f. The Group has following unused tax losses which arisen on incurrance of capital losses under the Income Tax Act, 1961 for which no deferred tax assets has been recognised in the balance sheet.

(₹ in crores)

| Financial year | As at March 31, 2021 | Expiry date |
|----------------|-------------------------|-------------|
| 2013-14 | 55.75 | 31-3-2023 |
| 2015-16 | 0.23 | 31-3-2025 |
| 2016-17 | 55.02 | 31-3-2026 |

* Ind AS 12, 'Income Taxes' requires the Holding company to determine probability of sufficient taxable income to utilize the deferred tax assets including MAT credit. Considering the factors described in Note 37 and 38 above, the company is of the view not to recognize deferred tax assets during the year under review.

- 45 In view of losses incurred, the Group has spent Nil (Previous Year ₹ Nil) towards schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013.

- I. Gross amount required to be spent by the Group during the year Nil (Previous Year ₹ 2.70 crores)
II. Amount spent during the year on:

| Particulars | (₹ in crores) |
|--|---------------|
| i) Construction/Acquisition of any asset | - |
| | (-) |
| ii) For purposes other than (i) above | 0.31 |
| | (-) |
| [figures in brackets pertain to 2019-20] | |

46 Ind As 115: Revenue from Contracts with Customers

The Group derives revenues from sale of yarn and structured fabrics

The disaggregation of revenue from contracts with customers is as under:

(₹ in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|----------------|--------------------------------------|--------------------------------------|
| Domestic Sales | 1,504.91 | 1,368.26 |
| Export Sales | 190.80 | 332.93 |
| Total | 1,695.71 | 1,701.19 |

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Contract Liability: (Advances received from customers)

(` in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Opening Balance of Contract Liability | 1.49 | 9.52 |
| Revenue Recognised from the opening balance of contract liability | (1.49) | (9.52) |
| Current year Contract liability Carried Forward | 4.90 | 1.49 |
| Closing Balance of Contract Liability | 4.90 | 1.49 |

- 47 In respect of overseas direct investment (ODI) made by the company in the earlier years in erstwhile wholly owned subsidiary, the Directorate of Enforcement, Department of Revenue, Ministry of Finance, Government of India has held that the end-use of such funds made by the then foreign subsidiary company is in contravention of the provisions of Section 4 of the Foreign Exchange Management Act (FEMA), 1999 and has, therefore, vide its Seizure Order dated 15th December, 2017 attached the immovable property of the company by way of certain unencumbered open plots of land admeasuring in aggregate about 1,27,851.50 sq. metres having aggregate cost of ₹3.69 Crores as per books of accounts of the company. During F.Y. 2018-19, a Notice was issued to the company where by the company was required to show-cause as to why adjudicating proceedings as contemplated under the relevant Rules should not be held against the company and the aforesaid land should not be confiscated to the Central Government in terms of Section 13(2) of FEMA, 1999. The company strongly believes that it has not contravened provisions of FEMA as alleged in the seizure order and is, therefore, taking appropriate steps under the law. In the opinion of the management of the Company all the activities carried out by the then foreign subsidiary are in compliance with the ODI route under FEMA read with the relevant rules and regulations. The Company's management is confident of successful outcome from the proceedings. Therefore, no accounting adjustments have been made in the books of accounts of the Company in this regard.

48 Leases

The Group as lessee

Leasing arrangements

(` in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|-----------------|--------------------------------------|--------------------------------------|
| Office premises | 1.56 | 0.92 |
| Total | 1.56 | 0.92 |

As per the Standard, it is at the option of the Group to apply IND AS 116 for the short-term leases (period of 12 months or less) & low value assets. Since all major lease agreements are for a period of 12 months and 1 of the long term lease is of low value, we have availed the exception. Lease Payments associated with short term \ low value leases shall be recognized as an expense on straight-line basis. Apart from this, there are no other assets taken on lease and hence IND AS 116 is not applicable.

- 49 Interest on borrowings is net of interest subsidy of Nil (previous year ₹ 11.08 crores).
- 50 Subsidies receivables (Note -16 , Other Current Assets) of Rs 387.12 crores is outstanding as at 31st March, 2021 for subsidies receivables including interest subsidy of ₹ 210.96 crores receivable under Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) announced by Ministry of Textiles, Government of India for various years from F.Y. 15-16 to F.Y. 19-20 upto May, 2019 . This amount of subsidy benefit recognized is reduced from the borrowing costs in the respective years. The management is perusing for recovery of this amount of subsidy and is hopeful of realization of this amount.

51 Commitments

(` in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for. | 74.81 | 75.19 |
| Total | 74.81 | 75.19 |

52 Contingent liabilities

(` in crores)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| a. Group has imported machineries duty free under EPCG Scheme for which duty saved amount* | 496.09 | 495.66 |
| b. Disputed demand not acknowledged as debt against which the Group has preferred appeal | 4.39 | 11.12 |
| c. Counter guarantees given to banks against guarantees issued by banks on behalf of group companies to various authorities | 29.56 | 47.74 |
| Total | 530.04 | 554.52 |

* Against duty saved of ₹ 496.09 crores (Previous Year ₹ 495.66 crores) company has export obligation of ₹ 2,976.54 crores (Previous year ₹ 2,973.96 crores) for which Holding Company would be filing statement of export/redemption of EPCG License with DGFT in 2021-22.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in crores)

| Disputed demand not acknowledged as debt against which the Group has preferred appeal | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Income Tax * | 0.35 | 7.08 |
| Service tax* | 4.04 | 4.04 |
| Total | 4.39 | 11.12 |

* The amount deposited with the authority in respect of above Income Tax and Service Tax demands of ₹ 0.35 crores (previous year ₹ 7.08 crores) and ₹ 4.04 crores (previous year ₹ 4.04 crores) respectively.

53 Confirmation of balances in respect of amounts due from trade receivables, capital advances given and loans and advances granted as well as for the amounts due to/payables to trade payables have not been obtained and/or received by the Group and, therefore, these balances remained unconfirmed. The process of obtaining confirmation from these parties could not been undertaken due to Covid 19, and will be now initiated by the management of the Group and adjustments, if any required on reconciliation of balances on receipt of confirmations, shall be made subsequently. However, the management believes that the effect of such adjustments/discrepancies shall not be material.

54 In respect of certain plots of land located at village Lunsapur, Tal. Jafrabad of Amreli District in the state of Gujarat admeasuring in aggregate 821084 Sq. Mtrs., where the company's plant for manufacture of yarn is located, during the year 18-19, the company entered into Agreement to Sell with the owner of the land for purchase of these plots for aggregate consideration of ₹ 436.81 crores, the possession of which has been obtained by the company subsequent to the end of the year. The entire consideration amount of ₹ 436.81 crores has already been paid by the company to an intermediary party who is also a party to this Agreement to Sell as confirming party. This includes certain plots of land having aggregate cost of ₹ 116.05 crores, which was already accounted for as purchase in the books of accounts of the company in F.Y. 2016-17. During F.Y.2018-19, ₹ 320.76 crores has been accounted as Purchases/Additions to Freehold Land in the books of accounts of the company. The final Sale Deed in respect of all these plots of land having aggregate consideration of ₹ 436.81 crores is yet to be executed and, therefore, the relevant expenses of stamp duty, registration fees, etc. shall be accounted for at the time of execution of documents and actual payment. Accordingly, Title Deeds in respect of all above lands have not been transferred in the name of the company.

55 During the relevant period, South Indian Bank Limited, PNB, Axis Bank, Karnataka Bank and Punjab & Sind Bank ("Banks") purportedly reported account of the Company as Fraud to Reserve Bank of India on the basis of forensic audit report issued by forensic auditor appointed by lead consortium bank.

According to Managemnt at the relevant period, it had not received prior intimation from Banks as to conclusion of fraud in its NPA account and also the Company has not received copy of forensic audit report including basis for declaring the account of the Company as Fraud and that classification of fraud by lenders is unjust and unfair. Further reporting of fraud by Banks and other consortium lenders to RBI, if any, is unjust and unlawful.

Managment incharge at the relevant period has filed Writ Petition (Civil) No. 6830 of 2020, 7825 of 2020, 920 of 2021, 3800 of 2021 in the Hon'ble Delhi High Court challenging the Reserve Bank of India Master Circular on Fraud. –Classification and Reporting by Commercial Banks and Select Financial Institutions bearing RBI/DBS/2016-17/28, DBS.CO.CFMC.BC.Mp.1/23.04.001/2016-17 dated 1 July 2016 and actions of Banks on grounds that it breaches principles of natural justice on multiple accounts, with the most blatant breach being the manner and mechanism for identification and declaration of an account as 'fraud'.

Against the reporting by Banks purporting to declare account of the Company as fraud to the Reserve Bank of India, the Hon'ble Delhi High Court on application of the Company, has [in the said Writ Petition (Civil) No. 6830 of 2020 (South Indian Bank Limited), 7825 of 2020 (Punjab National Bank, Axis Bank Limited & Karnataka Bank Limited), 920 of 2021 (Punjab & Sind Bank) and 3800 of 2021 (Reserve Bank of India, Export Import Bank of India, Bank of India, Bank of Baroda, Canara Bank, Union Bank of India, Central Bank of India, IDBI Bank Limited, State Bank of India, Abu Dhabi Commercial Bank, Indian Overseas Bank, Bank of Maharashtra, HDFC Bank Ltd. and RBL Bank Ltd.)] granted relief of 'stay' in relation to the impugned action of lenders declaring fraud in the account of the Company to the Reserve Bank of India or any further steps pursuant thereto.

56 The Group operations were impacted in the month of March 2020 due to shutdown of Lunsapur plant following nationwide lockdown by the Government of India in view of COVID-19, a pandemic caused by the novel Coronavirus. The Group is monitoring the situation closely. From 12th April 2020, operations have commenced in a phased manner with enforcement of strict working restrictions. The Group presently working on a going concern basis and stabilises its operations in spite of COVID-19 challenges. The Group scale up its operations and have been working at 90% capacity comprising of more than 6 lakhs spindles during the end of the financial year. The scale up of operations is subject to substantial volatility in market and risk averseness due to 2nd and 3rd wave of Covid 19 for which company will keep updated.

57 The Holding Company has outstanding advances of ₹ 531.91 crores receivables from Sintex Prefab & Infra Limited. Petition for initiation of Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code 2016 filed against Sintex Prefab & Infra Limited by Bank of Baroda (Financial Creditor) has been admitted vide Honourable National Company Law Tribunal, Ahmedabad Bench order dated 24.02.2021. The Company has submitted claims of ₹ 531.91 crores to Mr. Chandra Prakash Jain (IRP of Sintex Prefab & Infra Limited) on 16.03.2021.

58 Advances recoverable in cash or kind in Note – 16, "Other Current Assets", include Insurance claim of ₹ 23.11 crores of F.Y. 2016-17 is outstanding as on 31st March,2021. The insurance company has repudiated claim pertaining to FY 2016 - 17. Management of company during the year has filed reply against the same and is hopeful of settling the claims in full. The Company has initiated legal proceedings against the same.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

59 The Group has defaulted in repayment of principal and interest payments. The period and amount of continuing default as on the Balance sheet date are as under:

(₹ in crores)

| Name of Lenders | Principal | Interest | Period of Continuing Default Start Month |
|---|-----------------|-----------------|--|
| Banks / NBFCs | | | |
| Punjab National Bank (Including Oriental Bank of Commerce & United Bank of India) | 827.07 | 151.09 | May-19 |
| Punjab Sind Bank | 211.72 | 39.71 | May-19 |
| Bank of India | 264.73 | 101.41 | May-19 |
| Bank of Baroda (Including Dena Bank & Vijaya Bank) | 318.18 | 188.37 | May-19 |
| Canara Bank (Including Syndicate Bank) | 294.39 | 70.21 | May-19 |
| Central Bank of India | 24.90 | 59.35 | Jun-19 |
| Union Bank of India (Including Andhra Bank) | 53.44 | 119.33 | May-19 |
| South Indian Bank | 19.83 | 56.89 | May-19 |
| Karnataka Bank | 7.92 | 19.73 | May-19 |
| IDBI Bank | 50.00 | 16.06 | Jun-19 |
| State Bank of India | 16.49 | 47.10 | Aug-19 |
| Axis Bank Ltd | 82.41 | 14.51 | Jun-19 |
| Canbank Factors Limited | 5.54 | 0.97 | Jun-19 |
| The Federal Bank Limited | 13.28 | 2.16 | Jun-19 |
| UCO Bank Limited | 0.42 | 0.07 | Jun-19 |
| Abu Dhabi Commercial Bank | - | 10.97 | Oct-19 |
| DZ Bank AG | 47.59 | 7.30 | Oct-19 |
| | 2,237.91 | 905.23 | |
| Financial Institutions | | | |
| Export Import Bank of India | 169.38 | 107.54 | Jun-19 |
| | 169.38 | 107.54 | |
| Non-Convertible Debentures | 483.33 | 98.60 | Jun-19 |
| Total | 2,890.62 | 1,111.37 | |

60 During the year ended 31st March 2021, the company has not granted any options under the "Sintex ESOP 2018" to Eligible employees of the Company.

61 Events Occurring After Balance Sheet Date

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and / or reporting of any of these events and transactions in the financial statements. As of 25th June, 2020 there were no subsequent events to be recognized or reported that are not already disclosed except there is severe damage at our factory plant situated at Taluka Jafarabad, Lunsapur, Amreli, Gujarat due to Cyclone Tauktae on 17th May, 2021 and 18th May, 2021. The expected quantum of loss / damage due to Cyclone Tauktae and estimated impact on the production / operations is under process of determination. The loss / damage is covered by the Insurance and the Company has intimated about the incident of severe damage due to Cyclone Tauktae to the Insurance Company.

62 Contingent assets

The are no contingent assets recognised as at March 31, 2021.

63 Approval of financial statements

These consolidated financial statements were approved for issue the Interim Resolution Professional on 29th June, 2021

As per our report of even date attached

For R Choudhary & Associates
Chartered Accountants
Firm's Registration No: 101928W

K M Chaudhary
Partner
Membership No.: 133388

Place : Ahmedabad
Date : 29th June, 2021

For and on behalf of the Board of Directors
Sintex Industries Limited
L17110GJ1931PLC000454

Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Place : Ahmedabad
Date : 29th June, 2021

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(₹ in crores)

| Sr. No. | Name of the Subsidiary Company | Reporting period | Reporting Currency | Share Capital | Reserve & Surplus | Total Assets | Total Liabilities | Investments other than Investments in subsidiaries | Turnover/ Total Income | Profit/ (Loss) Before Taxation | Provision for Taxation | Profit/ (Loss) After Taxation | Proposed Dividend | % of Shareholding |
|---------|--------------------------------|------------------|--------------------|---------------|-------------------|--------------|-------------------|--|------------------------|--------------------------------|------------------------|-------------------------------|-------------------|-------------------|
| 1 | BVM Overseas Limited | 31-03-21 | INR | 4.50 | 10.68 | 90.33 | 75.15 | - | 295.96 | 0.76 | 0.56 | 0.20 | - | 100.00% |

Part "B" : Associates and Joint Ventures

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

(₹ in crores)

| Sr. No. | Name of Associates/Joint Ventures | Latest audited Balance Sheet Date | Share of Associate / Joint Ventures held by the company on the year end | | | Network attributable to Shareholding as per latest audited Balance Sheet (₹ in crore) | Profit / Loss for the year | | | |
|---------|-----------------------------------|-----------------------------------|---|--|---------------------|---|--|---------------------------------|---|--|
| | | | No. | Amount of Investment in Associate/Joint Venture (₹ in crore) | Extent of Holding % | | Considered in Consolidation (₹ in crore) | Not Considered in Consolidation | Description of how there is significant influence | Reason why the associate / joint venture is not consolidated |

NIL

Note :

A. There is significant influence due to percentage(%) of Share Capital.

For and on behalf of the Board of Directors

Sintex Industries Limited
L17110GJ1931PLC000454

Mr. Pinakin Shah
Interim Resolution Professional
IBBI/PA-002/IP-N00106/2017-18/10248

Hitesh Dihiye
CFO

Hitesh T. Mehta
Company Secretary

Place : Ahmedabad
Date : 29th June, 2021

Note :

[illegible]

Note :

[illegible]



SINTEX INDUSTRIES LIMITED

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Phone : +91-2764-253000

CIN : L17110GJ1931PLC000454

Investor Relationship Cell :

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