

INDEPENDENT AUDITOR'S REPORT

To the Members of Sudha Somany Ceramics Private Limited

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sudha Somany Ceramics Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss (including Other Comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Materiality is the magnitude of misstatements in the 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.

Other Matter

Note No. 41 to the accompanying Statement, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Further, due to Covid-19 related lock down restrictions, we were not able to physically observe the verification of inventory that was carried out by the management. Consequently, we have performed alternative procedures to audit the existence of Inventory as per the guidance provided in SA-501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient audit evidence to issue our unmodified opinion on these financial statements.

Our opinion on the same is not modified in respect of above matter.

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 Statement of Cash Flows dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian 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, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 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 over financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial statements.
 - g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations, the impact of which is required to be disclosed/to be provided for in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or Indian 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 Education and Protection Fund by the Company.

- h) The managerial remuneration for the year ended 31st March 2020 has been paid / provided for by the company to its directors in accordance with the provisions of section 197 read with Schedule v of the Companies Act, 2013 (Read with Note No. 32).

For LODHA & CO.

Chartered Accountants
Firm's Registration No.301051E

Gaurav Lodha
Partner
Membership No. 507462
UDIN: 20507462AAAK43696
Place: New Delhi
Date: 12th June, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Financial Statements of SUDHA SOMANY CERAMICS PRIVATE LIMITED for the year ended 31st March 2020)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management as per the regular programme of periodical physical verification in a phased manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories of the Company, have been physically verified by the management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
 - (iii) The Company has not granted any secured or unsecured loan to any companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clauses 3(iii) (a), (b) & (c) of the Order are not applicable.
 - (iv) In our opinion and according to the information, explanations and representations provided by the management and based on the audit procedures performed, the company has not given any loans, investments, guarantees and security. Accordingly, the provisions of Clauses 3(iv) of the Order are not applicable.
 - (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year from the public within the provision of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable). We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
 - (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of business activities carried out by the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
 - (vii) According to the records of the company and information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Goods and Service Tax, Value, Duty of Custom, Cess and other material statutory dues with the appropriate authorities, to the extent applicable. There were no undisputed statutory dues payable as at March 31, 2020 which were outstanding for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of Income Tax, Duty of Custom, Goods and Services Tax, Cess and other material statutory dues which has not been deposited with the appropriate authorities, to the extent applicable, on account of any dispute.
- (viii) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company does not have any loans and borrowings from debenture holders, financial institutions and government (both State and Central).
- (ix) In our opinion, on the basis of information and explanation given to us, no moneys have been raised during the year by way of initial public offer or further public offer. Money raised through term loans have been applied for the purposes for which such money had been raised.
- (x) Based on the audit procedure performed and according to the information and explanations given to us by the management, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards [Read with Note No. 32].
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **LODHA & CO.**

Chartered Accountants

Firm's Registration No.301051E

Gaurav Lodha

Partner

Membership No. 507462

UDIN: 20507462AAAK43696

Place: New Delhi

Date: 12th June, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Sudha Somany Ceramics Private Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020 (read with note no. 40 of the financial statements), based on the internal control over financial reporting 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 LODHA & CO.
Chartered Accountants
Firm's Registration No. 301051E

Gaurav Lodha
Partner
Membership No. 507462
Place: New Delhi
Date: 12th June, 2020

SUDHA SOMANY CERAMICS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(Rs. In Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non Current Assets			
Property, Plant and Equipment	3 (i)	9,021.66	9,050.88
Capital Work-In-Progress	3 (i)	109.40	444.65
Intangible Assets	3 (ii)	0.04	0.79
Financial Assets			
(i) Other Financial Assets	4	123.37	39.03
Deferred Tax Assets (Net)	5	703.60	323.70
		9,958.07	9,859.05
Current Assets			
Inventories	6	2,605.03	725.41
Financial Assets			
(i) Trade Receivables	7	642.73	32.81
(ii) Cash and Cash Equivalents	8	8.59	143.19
(iii) Bank Balances other than (ii) above	9	115.45	101.22
(iv) Other Financial Assets	10	45.43	8.78
Current Tax Assets (net)	11	2.13	1.63
Other Current Assets	12	823.04	1,343.39
		4,242.40	2,356.43
		14,200.47	12,215.48
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	1,500.00	1,500.00
Other Equity	14	(857.43)	79.29
		642.57	1,579.29
Liabilities			
Non-current Liabilities			
Financial Liabilities			
(i) Borrowings	15	8,497.07	9,023.07
(ii) Other Financial Liabilities	16	122.50	105.00
Long-term provisions	17	2.77	-
		8,622.34	9,128.07
Current Liabilities			
Financial Liabilities			
(i) Borrowings	18	1,872.75	-
(ii) Trade Payables	19		
Total outstanding dues of Micro Enterprises and Small Enterprises		2.16	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		1,495.14	524.75
(iii) Other Financial Liabilities	20	1,481.83	966.94
Other Current Liabilities	21	83.67	16.43
Provisions	22	0.01	-
		4,935.56	1,508.12
		14,200.47	12,215.48
Significant Accounting Policies and Notes forming integral part of Financial Statements		1 to 43	
As per report of even date attached			
For LODHA & CO. Chartered Accountants (FRN No.- 301051E)		For and on behalf of Board Directors	
		EDUPUGANTI SUJATHA Director DIN: 07456297	
		EDUPUGANTI SIREESHA Managing Director DIN: 07521204	
GAURAV LODHA Partner M. No. 507462 Place: New Delhi Date: 12/06/2020		EDUPUGANTI RAJEEV Chief Executive Officer PAN: AACPE9039P	
		SAMPADA SUDHAKAR REYYA Company Secretary M.No 25935	
		Place: Peddapuram Date: 12-06-2020	

SUDHA SOMANY CERAMICS PRIVATE LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Lakhs)

Particulars	Note No.	For the Year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	23	6,581.48	27.81
Other Income	24	36.13	1.12
Total Revenue from Operations		6,617.61	28.93
Expenses			
Cost of Materials Consumed	25	3,429.39	141.38
Change in Inventories of Finished Goods and Work-in-progress	26	(1,529.92)	(69.66)
Employee Benefit Expense	27	846.88	3.55
Finance Costs	28	1,181.15	13.00
Depreciation and amortization expenses	3	1,117.93	43.53
Other Expenses	29	2,888.80	120.11
Total Expenses		7,934.23	251.91
Profit/(Loss) Before Exceptional and Extraordinary Items and Tax		(1,316.62)	(222.98)
Exceptional Items (Net)		-	-
Profit/(Loss) before tax		(1,316.62)	(222.98)
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax Charge/(Credit)	5	(379.90)	(323.70)
(3) Income Tax for earlier years		-	-
Profit/(Loss) for the year		(936.72)	100.72
Other Comprehensive Income			
(1) Items that will not be reclassified to profit & loss		-	-
(2) Items that will be reclassified to profit & loss		-	-
Total Comprehensive Income for the year		(936.72)	100.72
Earnings Per Equity Share (Per Share Value of Rs. 10 each)	30		
- Basic		(6.24)	0.74
- Diluted		(6.24)	0.74
Significant Accounting Policies and Notes forming integral part of Financial Statements	1 to 43		

As per report of even date attached

For LODHA & CO.
Chartered Accountants
(FRN No.- 301051E)

For and on behalf of Board of Directors

EDUPUGANTI SUJATHA
Director
DIN: 07456297

EDUPUGANTI SIREESHA
Managing Director
DIN: 07521204

GAURAV LODHA
Partner
M. No. 507462
Place: New Delhi
Date: 12/06/2020

EDUPUGANTI RAJEEV
Chief Executive Officer
PAN: AACPE9039P

SAMPADA SUDHAKAR REYYA
Company Secretary
M.No 25935

Place: Peddapuram
Date: 12-06-2020

SUDHA SOMANY CERAMICS PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit & Loss	(1,316.62)	(222.98)
i Adjustment for :		
Depreciation and amortization expense	1,117.93	43.53
Interest and Finance Charges	1,181.15	13.00
Provision no longer required written back	-	(0.86)
Loss on Sale of Fixed Assets	0.52	-
Interest income	(5.60)	(0.27)
Foreign Exchange Fluctuations	255.65	23.30
Operating Profit/ (loss) before working capital changes	1,233.03	(144.28)
ii Adjustment for:		
Financial Assets & Other Assets	(2,099.71)	(2,232.10)
Other Financial Liabilities & Other Current Liabilities	987.93	642.31
Net Cash generated/(used in) operating activities	121.25	(1,734.07)
Taxes paid	(0.50)	(1.50)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	(A)	120.75
		(1,735.57)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment	(760.13)	(8,057.78)
Sale of Property Plant and Equipment	6.90	-
Interest Received	0.90	7.38
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	(B)	(752.33)
		(8,050.40)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	791.82
Proceeds from Borrowings from Related Parties(Net)	17.50	2,000.00
Proceeds from Borrowings from others (Net)	1,601.73	7,340.61
Interest paid	(1,122.25)	(244.54)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	(C)	496.98
		9,887.89
D Net increase/(Decrease) in cash & cash equivalents	(A+B+C)	101.92
Cash and cash Equivalents at the beginning of the year		143.19
Cash and cash Equivalents at the end of the year		8.59
Components of cash and cash equivalent		
- Balances in current accounts with banks	6.11	140.40
- Cash in hand	2.48	2.79
Cash and cash equivalents as per Note No. 8	8.59	143.19
Notes :		
1. The above cash flow has been prepared under the Indirect method set out in Indian Accounting Standard (IND AS-7)- Statement of Cash Flow		
2. Previous year's figures have been regrouped/ re-arranged wherever considered necessary.		
3. Refer note No. 39 for reconciliation of change in financial activities.		
As per report of even date attached		For and on behalf of Board of Directors
For LODHA & CO. Chartered Accountants (FRN No. 301051E)	EDUPUGANTI SUJATHA Director DIN: 07456297	EDUPUGANTI SIREESHA Managing Director DIN: 07521204
GAURAV LODHA Partner M. No. 507462 Place: New Delhi Date: 12/06/2020	EDUPUGANTI RAJEEV Chief Executive Officer PAN: AACPE9039P	SAMPADA SUDHAKAR REYYA Company Secretary M.No 25935
	Place: Peddapuram Date: 12-06-2020	

SUDHA SOMANY CERAMICS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(Rs. In Lakhs)

(a) Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	7,081,800	708.18	15,000,000	1,500.00
Changes in equity share capital during the year	7,918,200	791.82	-	-
Balance at the end of the reporting year	15,000,000	1,500.00	15,000,000	1,500.00
			Reserves and Surplus (Retained earnings)	Other Comprehensive Income
			(21.43)	-
Balance at April 1, 2018			(21.43)	(21.43)
Profit(Loss) for the year	100.72		100.72	100.72
Other comprehensive income/ (loss) for the year	-		-	-
Total comprehensive income/(loss) for the year		100.72		100.72
Balance at March 31, 2019		79.29		79.29
Profit(Loss) for the year	(936.72)		-	(936.72)
Other comprehensive income/ (loss) for the year	-		-	-
Total comprehensive income/(loss) for the year		(936.72)		(936.72)
Balance at March 31, 2020		(857.43)		(857.43)

As per report of even date attached

For and on behalf of Board of Directors

For LODHA & CO.

Chartered Accountants

(FRN No.- 301051E)

EDUPUGANTI SUJATHA

Director

DIN: 07456297

EDUPUGANTI SIREESHA

Managing Director

DIN: 07521204

GAURAV LODHA

Partner

M. No. 507462

Place: New Delhi

Date: 12/06/2020

EDUPUGANTI RAJEEV

Chief Executive Officer

PAN: AACPE9039P

SAMPADA SUDHAKAR REYYA

Company Secretary

M.No 25935

Place: Peddapuram

Date: 12-06-2020

SUDHA SOMANY CERAMICS PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020										
3 (i) Property, plant and equipment										
Particulars	Gross Block				Depreciation				Net Block	
	As at April 1 ,2019	Additions	Deletions	As at March 31 ,2020	As at April 1 ,2019	Additions	Deletions	As at March 31 ,2020	As at March 31 ,2020	As at March 31 ,2019
Tangible Assets										
Freehold land	489.03	0.05	-	489.08	-	-	-	-	489.08	489.03
Plant and Machinery	6,478.89	380.43	5.50	6,853.82	25.01	861.21	0.41	885.81	5,968.01	6,453.88
Building	2,055.28	688.89	-	2,744.17	2.68	229.25	-	231.93	2,512.24	2,052.60
Vehicles (Foot Note 1 i)	34.63	10.66	-	45.29	10.43	9.95	-	20.38	24.91	24.20
Furniture and Fixtures	10.80	10.16	0.74	20.22	2.51	2.92	0.14	5.29	14.93	8.29
Office Equipments	14.85	3.37	2.10	16.12	3.17	5.72	0.37	8.52	7.60	11.68
Computers	12.94	1.82	-	14.76	1.74	8.13	-	9.87	4.89	11.20
Total	9,096.42	1,095.38	8.34	10,183.46	45.54	1,117.18	0.92	1,161.80	9,021.66	9,050.88
Capital Work-in-Progress (Foot Note 2)	444.65	894.77	1,230.02	109.40	-	-	-	-	109.40	444.65
Gross Total	9,541.07	1,990.15	1,238.36	10,292.86	45.54	1,117.18	0.92	1,161.80	9,131.06	9,495.53
3 (ii) Intangible Assets										
Particulars	Gross Block				Amortization				Net Block	
	As at April 1 ,2019	Additions	Deletions	As at March 31 ,2020	As at April 1 ,2019	Additions	Deletions	As at March 31 ,2020	As at March 31 ,2020	As at March 31 ,2019
Intangible Assets										
Computer Software	1.07	-	-	1.07	0.28	0.75	-	1.03	0.04	0.79

Foot Note

- Includes assets pledged and Hypothecated against borrowings:
 - Car loans from Bank are secured (charge created) by hypothecation of cars purchased.
 - Assets pledged and Hypothecated against borrowings: Please Refer Note No. 15.
- Capital Work-in-Progress includes Pre-operative expenditure pending allocation/capitalisation of Rs. NIL (March 31, 2019 Rs. 38.33 Lakhs)

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Particulars	(Rs. In Lakhs)	
	As At March 31, 2020	As At March 31, 2019
4 Other Non-Current Financial Assets		
(Unsecured, Considered Good Unless Stated Otherwise)		
Security Deposit	123.37	34.86
Fixed Deposits held as Margin Money with Banks	-	4.09
Interest Receivable on Fixed Deposit	-	0.08
	123.37	39.03
5 Deferred Tax Assets (net)		
A. Movement in deferred tax balances		
Particulars	As at April 1, 2019	As at Recognised in P&L
		March 31, 2020
Deferred Tax Assets		
Others	794.34	706.22
Sub- Total (a)	794.34	706.22
Deferred Tax Liabilities		
Property, plant and equipment	470.64	326.32
Sub- Total (b)	470.64	326.32
Net Deferred Tax Assets (a)-(b)*	323.70	379.90
* The Company has started the commercial production on 27th March, 2019 and has recognized deferred tax asset on unabsorbed losses and depreciation mainly on account of tax incentives available to manufacturing facility located in backward notified area.		
(Rs. In Lakhs)		
Particulars	As at March 31, 2018	As at Recognised in P&L
		March 31, 2019
Deferred Tax Assets		
Others	-	794.34
Sub- Total (a)	-	794.34
Deferred Tax Liabilities		
Property, plant and equipment	-	470.64
Sub- Total (b)	-	470.64
Net Deferred Tax Assets (a)-(b)	-	323.70
B. Amounts recognised in statement of profit or loss		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense		
Current year	-	-
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(379.90)	(323.70)
Change in recognised deductible temporary differences	-	-
Total Deferred tax charge/ (credit)	(379.90)	(323.70)
C. Reconciliation of effective tax rate		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax from continuing operations	(1,316.62)	(222.98)
Tax using the Company's domestic tax rate 27.82% (Previous Year@27.82%)	(366.28)	(62.03)
Tax effect of:		
Non-deductible expenses	0.37	0.39
Tax-exempt income	-	-
Tax incentives	(13.98)	(266.08)
Changes in estimates related to prior years	-	(1.91)
Previously unrecognised deferred tax now recognised	-	-
Others	-	5.93
	(379.89)	(323.70)
6 Inventories		
Particulars	(Rs. In Lakhs)	
	As At March 31, 2020	As At March 31, 2019
(Valued at Lower of Cost and Net Realisable Value)		
(As taken , Valued and Certified by the Management)		
Raw Materials, Packing Material	406.24	239.50
Work-in-Progress	18.77	87.87
Finished Goods	1,815.45	216.43
Stores and Spares	364.57	181.61
	2,605.03	725.41

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

<u>7 Trade Receivables</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
i) Unsecured, Considered Good*		642.73	32.81
II) Unsecured, Considered Doubtful		-	-
		642.73	32.81
Less: Allowances for credit losses		-	-
		642.73	32.81
* Including Rs. 641.15 Lakhs (Previous Year- Rs. 32.13 Lakhs) receivable from related party			
<u>8 Cash & Cash Equivalents</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
(As certified by the management)			
<u>Balance with Scheduled banks :</u>			
-Current Accounts		6.11	140.40
Cash in Hand		2.48	2.79
		8.59	143.19
<u>9 Other Bank Balances</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Fixed Deposits held as Margin Money with Banks		5.17	105.31
Less:- Shown Under "Other Financial Assets"(More than 12 months)		-	4.09
DSRA Deposits with ICICI Bank Ltd		110.28	-
		115.45	101.22
<u>10 Other Financial Assets</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
<u>Security Deposits</u>			
-With Others		8.81	8.78
Interest Receivable		4.79	-
Others Receivables		0.14	-
Stamp Duty Receivable from government of Andhra Pradesh		31.69	-
		45.43	8.78
<u>11 Current Tax Assets (Net)</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Advance Tax		2.13	1.63
		2.13	1.63
<u>12 Other Current Assets</u>		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Balance with Government Authorities - GST		754.11	1,214.49
Prepaid Expenses		63.53	89.79
Employee and worker Advances		1.56	39.11
Derivative Contract		3.84	-
		823.04	1,343.39

SUDHA SOMANY CERAMICS PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020				
13 Equity Share Capital				
Particulars	As At March 31, 2020	As At March 31, 2019		
Authorised				
Equity Shares 1,50,00,000 (March 31, 2019 -1,50,00,000) of Rs.10/- each	1,500.00	1,500.00		
Issued, Subscribed and Paid up				
Equity Shares 1,50,00,000 (March 31,2019 - 1,50,00,000) of Rs 10/- each fully paid up	1,500.00	1,500.00		
	1,500.00	1,500.00		
a. Terms and rights attached to equity shares				
The Company has only one class of Equity Shares having face value of Rs. 10/- each and each shareholder is entitled to one vote per share. Each shareholders have the right in profit / surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, in proportionate to their individual shareholding in the paid up equity capital of the company.				
b. Reconciliation of number of shares outstanding at the beginning and end of the year :				
Particulars	As At March 31, 2020	As At March 31, 2019		
Shares outstanding in the beginning of the year	15,000,000	7,081,800		
Equity Shares issued during the year	-	7,918,200		
Equity Shares bought back during the year	-	-		
Shares outstanding at the end of the year	15,000,000	15,000,000		
c. Shares held by Holding Company (In numbers)				
Particulars	As At March 31, 2020	As At March 31, 2019		
-Somany Ceramics Limited	9,000,000	9,000,000		
d. List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)				
Particulars	As at March 31, 2020	As at March 31, 2019		
	No. of Shares	% holding	No. of Shares	% holding
i) Somany Ceramics Limited	9,000,000	60%	9,000,000	60%
ii) Sudha Agro Oil and Chemical Industries Limited	6,000,000	40%	6,000,000	40%
	15,000,000	100%	15,000,000	100%
e. Aggregate number of Shares issued for consideration other than cash, Bonus Shares issued and share bought back during the period of five years immediately preceding the reporting date:- NIL				
14 Other Equity	(Rs. In Lakhs)			
Particulars	As At March 31, 2020	As At March 31, 2019		
Retained earnings				
Balance at the beginning of the year	79.29	(21.43)		
Transfer from Statement of Profit and Loss	(936.72)	100.72		
Total of Reserves & Surplus	(857.43)	79.29		
Nature and purpose of Reserves				
Retained Earnings-Retained earnings represents profit that the Company has earned till date, less any transfer to general reserve, if any.				

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

15 Borrowings (Non Current)

(Rs. In Lakhs)

Particulars	As At March 31, 2020	As At March 31, 2019
Secured		
Term Loans		
- From Banks	4,200.00	4,450.00
Car Loans		
- From Banks	12.70	13.26
Supplier's Credit	2,956.98	2,721.79
Unsecured		
- From other*	2,095.00	2,095.00
	9,264.68	9,280.05
Less: Current Maturities of Long Term Borrowings		
Term loans		
- From Banks	758.75	250.00
Car Loans		
From Banks	8.86	6.98
	767.61	256.98
	8,497.07	9,023.07

Foot Notes:-

- Rupee term loan of Rs. 2450.00 lakhs (March 31, 2019 Rs. 2450.00 lakhs) from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the company both present and future and exclusive charge over entire current assets of the company both present and future. Repayment of aforesaid loan is Rs. 183.75 lakhs, Rs.306.25 lakhs, Rs. 367.50 lakhs, Rs. 367.50 lakhs, Rs.367.50 lakhs, Rs. 428.75 lakhs and Rs. 428.75 lakhs in FY20-21, FY21-22, FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- Rupee term loan of Rs. 750.00 lakhs (March 31, 2019 Rs. 1000.00 lakhs) from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the company both present and future and exclusive charge over entire current assets of the company both present and future. The aforesaid loan is repayable in 6 equal quarterly instalments Rs.500.00 lakhs and Rs. 250.00 lakhs in FY20-21 and FY21-22 respectively.
- Rupee term loan of Rs. 1000.00 lakhs (March 31, 2019 Rs. 1000.00 lakhs) from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the company both present and future and exclusive charge over entire current assets of the company both present and future. Repayment of aforesaid loan is Rs. 75.00 lakhs, Rs. 125.00 lakhs, Rs. 150.00 lakhs, Rs. 150.00 lakhs, Rs. 150.00 lakhs, Rs. 175.00 lakhs and Rs. 175.00 lakhs in in FY20-21, FY21-22, FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- Suppliers' credit of Rs. 2956.98 lakhs (March 31, 2019 Rs. 2,721.79 lakhs) Equivalent to aggregate of USD 39.22 lakhs (March 31, 2019 USD 39.22 lakhs) is secured through exclusive charge over the entire movable and immovable fixed assets of the company both present and future and exclusive charge over entire current assets of the company both present and future. Repayment of aforesaid loan is Rs.247.24 lakhs, Rs. 541.94 lakhs, Rs. 541.94 lakhs, Rs. 541.94 lakhs and Rs. 541.94 lakhs in FY21-22, FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- Rate of interest applicable to all rupee term loans from bank is linked with MCLR and Suppliers credit interest rate has been freezed at 5% as per agreement with bank.
- Cars loan from Banks are secured (charge created) by hypothecation of car purchased there under and are repayable in monthly instalments over the period of loan.
- *Unsecured Loan from others represents loans taken from related parties of Rs. 2095.00 Lakhs (March 31, 2019 Rs. 2095.00 Lakhs) at an interest rate of 11% per annum, towards long term fund support from the shareholders in the proportion of their shareholding.

16 Other Financial Liabilities

(Rs. In Lakhs)

Particulars	As At March 31, 2020	As At March 31, 2019
Security Deposit from related parties	122.50	105.00
	122.50	105.00

17 Long-term provisions

(Rs. In Lakhs)

Particulars	As At March 31, 2020	As At March 31, 2019
Provision for Employee Benefits		
- Provision for Gratuity *	2.77	-
	2.77	-

* Refer Note No. 33

18 Borrowings (Current)

(Rs. In Lakhs)

Particulars	As At March 31, 2020	As At March 31, 2019
Loans repayable on Demand (From Bank)		
Short-term Borrowings	1,000.00	-
Cash Credit	872.75	-
	1,872.75	-

Foot Notes:-

- Rupee term loan of Rs. 1000.00 lakhs (March 31, 2019: NIL) from a Bank is secured through first charge over the entire current assets of the company both present and future. The aforesaid loan is repayable in bullet payment Rs.1000.00 lakhs in FY20-21.
- Cash Credit Limit from Banks are secured (charge created) by hypothecation of Current assets and movable fixed assets.

SUDHA SOMANY CERAMICS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

19 Trade Payables		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Outstanding dues of Micro Enterprises and Small Enterprises*		2.16	-
Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises*		1,495.14	524.75
		<u>1,497.30</u>	<u>524.75</u>
* Refer Note No. 34			
20 Other Financial Liabilities (Current)		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Current Maturities of Long Term Borrowings		767.61	256.98
Interest accrued but not due		0.04	11.89
Interest Payable to related parties		218.36	147.63
Capital Creditors		372.74	419.47
Other Payables			
- Employee		37.47	2.26
- Other		85.61	128.71
		<u>1,481.83</u>	<u>966.94</u>
21 Other Current Liabilities		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Statutory Dues		80.99	16.43
Other payables		2.68	-
		<u>83.67</u>	<u>16.43</u>
22 Short Term Provision		(Rs. In Lakhs)	
Particulars		As At March 31, 2020	As At March 31, 2019
Provision for Employee Benefits			
- Provision for Gratuity *		0.01	-
		<u>0.01</u>	<u>-</u>
* Refer Note No. 33			

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

23 Revenue from Operations

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations*	6,581.48	27.81
	<u>6,581.48</u>	<u>27.81</u>

Total Revenue from Operations

*The Company has disclosed the disaggregated revenue information with respect to type of services and geographical disaggregation in this note itself since all sales in being made domestically only and Contract balances comprising of Trade Receivables, Unbilled Revenue, Deferred Revenue, (as applicable), has been presented in respective notes.

24 Other Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income	5.60	8.68
Rental Income	6.95	-
Miscellaneous Income	19.74	-
Profit on account of Fair Value of Derivative	3.84	-
Provision no longer required written back	-	0.86
Less: Pre-operative Income transferred to CWIP	-	(8.42)
	<u>36.13</u>	<u>1.12</u>

25 Cost of Materials Consumed

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw Material Consumed	3,005.16	271.92
Packing Material Consumed	424.23	13.82
Less: Pre-operative expenditure transferred to CWIP	-	(144.36)
	<u>3,429.39</u>	<u>141.38</u>

**26 Change in Inventories of Finished Goods
and Work-in-progress**

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Closing Stock		
Finished Goods	1,815.45	216.43
Work-in-Progress	18.77	87.87
	<u>1,834.22</u>	<u>304.30</u>
Less: Opening Stock		
Finished Goods	216.43	-
Work-in-Progress	87.87	-
	<u>304.30</u>	<u>-</u>
Adjusted for inventories generated during trial run		
Finished Goods	-	146.07
Work-in-Progress	-	88.57
	<u>-</u>	<u>234.64</u>
(Increase)/ Decrease in Stock	(1,529.92)	(69.66)

27 Employee Benefit Expense

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salary, Wages, Bonus etc.	838.48	96.95
Contribution to Provident Fund and Other Funds	4.24	-
Workmen & Staff Welfare	4.16	22.35
Less: Pre-operative expenditure transferred to CWIP	-	(115.74)
	<u>846.88</u>	<u>3.55</u>

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

28 Finance Cost		(Rs. In Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Interest	992.34	356.43	
Other Borrowings Cost	187.51	43.78	
Interest on Vehicle Loan	1.30	1.52	
Less: Pre-operative expenditure transferred to CWIP	-	(388.73)	
	1,181.15	13.00	

29 Other Expenses		(Rs. In Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Power & Fuel	1,991.84	218.82	
Consumption of Stores and Spares	430.47	-	
Repairs and Maintenance:			
Plant & Machinery	24.29	0.08	
Vehicles	0.94	3.24	
Computers	0.14	-	
Vehicle Hire and Running Charges	29.66	18.41	
Rent expenses	0.10	30.23	
Printing & Stationary Expenses	2.16	0.30	
Insurance Expenses	1.52	4.35	
Interest on late deposit of statutory dues	0.40	0.39	
Professional & consultancy charges	47.69	6.40	
Rates & Taxes	5.00	50.76	
Travelling & conveyance expenses	24.78	84.22	
Net loss on foreign currency transactions	255.65	23.30	
Advances written off	-	0.52	
Donations	0.93	1.00	
Advertisement expenses	0.30	0.20	
Sales Promotion Expenses	14.26	-	
Audit fees (Refer Note 36)	8.00	3.15	
Telephone expense	0.05	0.72	
Bank charges	2.47	3.19	
Guest house Expenses	15.97	12.05	
Security Expenses	5.20	0.21	
Loss on Sale of Fixed Assets	0.52	-	
Miscellaneous Expenses	26.46	18.84	
Less: Pre-operative expenditure transferred to CWIP	-	(360.28)	
	2,888.80	120.11	

30 Earning per share		(Rs. In Lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Total profit/ (loss) for the year	(936.72)	100.72	
Weighted average number of equity shares of Rs. 10/- each	15,000,000	13,604,076	
EPS - Basic and Diluted (Per share in Rs.)	(6.24)	0.74	

SUDHA SOMANY CERAMICS PRIVATE LIMITED**Notes forming part of the financial statements****1.1 Corporate and General Information**

Sudha Somany Ceramics Private Limited referred to as "the Company" is domiciled and incorporated in India on December 2, 2015. The registered office of the Company is situated at D. No. 19-1-422/A, G. Ragampeta, Pedapuram- 533437, East Godavari District, Andhra Pradesh, India.

The Company has commenced its commercial production with effect from March 27, 2019 at its tile manufacturing plant in Industrial Park, Velampadu, Chittoor District, Andhra Pradesh, India.

The financial statements for the year ended March 31, 2020 were approved and adopted by the Board of Directors of the Company in their meeting held on June 12, 2020.

2 Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of Preparation

The financial statements of Sudha Somany Ceramics Private Limited ("the Company") comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis. Further, financial assets and liabilities are remeasured at fair value at each reporting date, wherever applicable.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional and presentation currency. All Amounts have been rounded to the nearest Lakhs, unless otherwise indicated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of Property, Plant and Equipments.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

SUDHA SOMANY CERAMICS PRIVATE LIMITED
Notes forming part of the financial statements

2.5 Classification of Assets and Liabilities as Current and Non-Current

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

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

2.6 Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss , if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the company.

Depreciation

The Company has charged depreciation on the assets capitalised on that date, on Written Down Value Method using the rates arrived at estimated useful lives given in Schedule II of the Companies Act, 2013 except for the following which has been determined on the basis of technical evaluation.

Particulars	Useful Life
Plant and Machinery	15-25 Years

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase.

Capital work-in-progress

Expenditure incurred during the construction/erection period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

De-recognition

An item of property, plant and equipment is de-recognised 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 net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.7 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

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Notes forming part of the financial statements

2.8 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets till the period the said assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.9 Foreign currency transactions

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss except exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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

2.10 Employee benefits

Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Employee benefits in the form of Provident Fund (with Government Authorities) and Employees' pension Scheme are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

Defined benefit plans

For defined benefit retirement, 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet 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 the statement of profit and loss. Past service cost is recognised in the statement of profit and 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 categorised 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 the statement of profit and loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet 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.

2.11 Revenue Recognition

The Company recognises revenue from sale of goods when;

- i) effective control of goods alongwith the significant risks and rewards of ownership has been transferred to buyer;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc.

Interest income are recognised on an accrual basis using the effective interest method.

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Notes forming part of the financial statements

2.12 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

2.13 Provisions, Contingent Liabilities and Contingent Assets

Bases on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.14 Measurement of fair value

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

(a) Financial Assets

Initial recognition and measurement

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

Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Derecognition of financial assets

A financial asset or a part of a financial asset is primarily derecognised 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.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate. In the case of amortised cost, financial liabilities are recognised net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

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

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2.16 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet 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 assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the consolidated statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the company.

SUDHA SOMANY CERAMICS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

31 Contingent liabilities, contingent assets and commitments

Particulars	(Rs. In Lakhs)	
	As At March 31, 2020	As At March 31, 2019
A. Contingent liabilities Contingent Liabilities not provided for (As certified by the Management)	Nil	Nil
B. Commitments Estimated amount of Contracts remaining to be executed on Capital Account not provided for [Net of Advances]	-	42.18

32 Related Party Disclosure:

A. Related parties and their relationships (with whom transactions have taken place during the year)

i Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. Edupuganti Rajeev	Managing Director (w.e.f. 01/11/2017 till 07/01/2020)
Mr. Edupuganti Rajeev	Chief Executive Officer (w.e.f. 20/01/2020)
Mrs. Edupuganti Sireesha	Managing Director (w.e.f. 07/01/2020)
Mrs. Sampada Sudhakar Reyya	Company Secretary (w.e.f. 01/03/2018)

ii Holding Company

Somany Ceramics Limited

iii Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year

Sudha Agro Oil & Chemical Industries Limited
Siri Minerals

B. Transactions with the above in the ordinary course of business

Particulars	(Rs. In Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Somany Ceramics Limited		
Revenue from operations	6,595.76	27.23
Purchases	8.09	3.93
Share Capital Issued during the year	-	538.83
Unsecured Loan(UCD) taken during the year	400.00	1,155.00
Unsecured Loan(UCD) repaid during the year	400.00	-
Security Deposit taken during the year	-	105.00
Interest Expense on Unsecured Loan	143.89	96.31
Interest Expense on Security Deposit	11.55	3.23
Interest Paid on Unsecured Loan	87.87	-
Interest Paid on Security Deposit	2.91	-
Rent Income	6.75	-
Closing Balance		
Trade Receivable	641.15	32.13
Trade Payable	11.87	4.63
Interest payable on Unsecured Loan	124.44	87.87
Interest payable on Security Deposit	10.39	2.91
Security Deposit Outstanding at the year end	105.00	105.00
Unsecured Loan Outstanding at the year end	1,257.00	1,257.00
Sudha Agro Oil & Chemical Industries Limited		
Share Capital Issued during the year	-	252.99
Unsecured Loan taken during the year	-	740.00
Interest Expense	92.18	61.90
Interest Paid on Unsecured Loan	56.85	-
Closing Balance		
Interest payable on Unsecured Loan	82.96	56.85
Unsecured Loan Outstanding at the year end	838.00	838.00
SIRI Minerals		
Security Deposit taken during the year	17.50	-
Interest Expense on Security Deposit	0.62	-
Closing Balance		
Interest payable on Security Deposit	0.56	-
Security Deposit Outstanding at the year end	17.50	-

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Mr. Edupuganti Rajeev - Managing Director

Managerial Remuneration paid during the year	27.68	36.00
Managerial Remuneration payable at year end	-	-

Mr. Edupuganti Rajeev - Chief Executive Officer

Remuneration paid during the year	8.32	-
Remuneration payable at year end	-	-

Mrs. Edupuganti Sireesha

Managerial Remuneration paid during the year	-	-
Managerial Remuneration payable at year end	11.23	-

Mrs. Sampada Sudhakar Reyya

Remuneration paid during the year	1.92	1.92
Remuneration payable at year end	0.16	0.16

33 Employee Defined Benefits:

a. Defined Benefit Plans

Gratuity (Non Funded)– As per Actuarial Valuation

Particulars	(Rs. In Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Expenses recognized in the statement of Profit & Loss account (Note 26) for the year ended 31st March 2020		
1 Current Service Cost	2.78	-
2 Interest Cost	-	-
3 Expected return on plan assets	-	-
4 Actuarial Losses / (Gains)	-	-
Total Expenses:	2.78	-
II. Net Assets/Liability recognized in the Balance Sheet as at 31st March,2020		
1 Present value of Defined Benefit Obligation as at 31 st March,2019	-	-
2 Fair Value of Plan assets at the beginning of the Year	-	-
3 Funded Status [Surplus/(Deficit)]	-	-
4 Net Asset / (Liability) as at 31 st March 2020	(2.78)	-
III. Change in obligation during the year ended 31st March 2020		
1 Present value of Defined Benefit Obligation at the beginning of the Year	-	-
2 Current Service Cost	2.78	-
3 Interest Cost	-	-
4 Benefit Paid	-	-
5 Actuarial (Gains / Losses)	-	-
Present value of Defined Benefit Obligation at the end of the year	2.78	-
IV Change in the Fair Value of Plan Assets at the beginning of the Year.		
V. The major categories of plan assets as % of total plan		
VI Actuarial Assumptions		
1 Discount Rate	6.80%	-
2 Expected Rate of Salary Increase	5.00%	-
3 Attrition Rate	-	-
Up to 30 Years	3.00%	-
From 31 to 44 years	2.00%	-
Above 44 years	1.00%	-
4 Mortality	IALM(2012-14)	-
b. Defined Contribution Plans.		
Amount recognized as an expense and included in the Note 26 item "Contribution to Provident and other Funds" of Profit and Loss statement is Rs. 4.24 Lakhs (Previous Year Rs. Nil)		
c. The estimates of Future Salary increase considered in actuarial valuation take account of nature of business and industry, retention policy, standing of Company, business plan, HR policy and other relevant factor, such as supply and demand in the employment market.		
34 The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED") has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to the micro, small and medium enterprises as at March 31, 2020 are as under:		
Particulars	(Rs. In Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
A. (i) Principal amount remaining unpaid	-	-
(ii) Interest on A(i) above	-	-
B. (i) The Amount of principal paid beyond the appointed date	-	-
(ii) The Amount of interest paid beyond the appointed date	-	-
C. Amount of interest due and payable on delayed payments	-	-
D. Amount of interest accrued and remaining unpaid	-	-
E. Amount of further interest remaining due and payable even in succeeding years (in case of entities registered prior to 31st March, 2008)	-	-
F. Total outstanding dues to micro and small enterprises	-	-

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NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

35 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

Particulars	As at March 31, 2020		(Rs. In Lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Trade receivables	-	642.73	-	32.81
Cash and cash equivalents	-	8.59	-	143.19
Bank balances other than above	-	115.45	-	101.22
Other Financial Assets	-	45.43	-	8.78
Others				
Non Current	-	123.37	-	39.03
	-	935.57	-	325.03
Financial liabilities				
Borrowings	-	10,369.82	-	9,023.07
Other non-current financial liabilities	-	122.50	-	105.00
Trade payables	-	1,497.30	-	524.75
Other current financial liabilities	-	1,481.83	-	966.94
	-	13,471.45	-	10,619.76
B. Financial assets and liabilities measured at amortised cost				
	As at March 31, 2020		(Rs. In lakhs)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Trade receivables	642.73	642.73	32.81	32.81
Cash and cash equivalents	8.59	8.59	143.19	143.19
Bank balances other than above	115.45	115.45	101.22	101.22
Other Financial Assets	45.43	45.43	8.78	8.78
Others				
Non Current	123.37	123.37	39.03	39.03
	935.57	935.57	325.03	325.03
Financial liabilities				
Borrowings	10,369.82	10,369.82	9,023.07	9,023.07
Other non-current financial liabilities	122.50	122.50	105.00	105.00
Trade payables	1,497.30	1,497.30	524.75	524.75
Other current financial liabilities	1,481.83	1,481.83	966.94	966.94
	13,471.45	13,471.45	10,619.76	10,619.76

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, trade payables, capital creditors, security deposits and other financial assets/ liabilities are considered to be the same as their fair values, due to their short-term nature.

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The Management impact analysis shows credit risk and impact assessment

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NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

iii. Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Maturities of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts March 31, 2020	Contractual cash flows			(Rs. In Lakhs)
		On demand	Less than 1 year	1–5 years	
Financial liabilities					
Borrowings	10,369.82	-	1,872.75	5,256.37	3,240.70
Trade payables	1,497.30	-	1,497.30	-	-
Other non-current financial liabilities	122.50	-	-	-	122.50
Other current financial liabilities	1,481.83	-	1,481.83	-	-
Total non-derivative liabilities	13,471.45	-	4,851.88	5,256.37	3,363.20

Particulars	Carrying Amounts March 31, 2019	Contractual cash flows			(Rs. In Lakhs)
		On demand	Less than 1 year	1–5 years	
Financial liabilities					
Borrowings	9,023.07	-	-	3,706.55	5,316.51
Trade payables	524.75	-	524.75	-	-
Other non-current financial liabilities	105.00	-	-	-	105.00
Other current financial liabilities	966.94	-	966.94	-	-
Total non-derivative liabilities	10,619.76	-	1,491.69	3,706.55	5,421.51

iv. Market risk

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

Currency risk

Foreign exchange risk mainly arises from recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO. The risk is measured through a forecast of highly probable foreign currency cash flows.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows (amounts in Lakhs)

Financial Liabilities	As at March 31, 2020		As at March 31, 2019	
	USD	EUR	USD	EUR
Borrowings	39.22	-	39.22	-
Payable for capital goods	-	4.08	0.20	4.08
Net statement of financial position exposure	39.22	4.08	39.42	4.08
The following significant exchange rates have been applied				
Particulars	Spot rates as at (in Rs.)			
	March 31, 2020	March 31, 2019		
USD 1		75.39	69.39	
EUR 1		83.05	78.33	

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NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against USD and EURO at March 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss (Rs. In lakhs)		Equity, net of tax (Rs. In lakhs)	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2020				
USD (10% movement)	295.70	(295.70)	213.43	(213.43)
EURO (10% movement)	33.88	(33.88)	24.46	(24.46)
March 31, 2019				
USD (10% movement)	273.55	(273.55)	197.45	(197.45)
EURO (10% movement)	31.96	(31.96)	23.07	(23.07)

Derivatives financial instruments

Derivative contracts entered into by the Company and outstanding as on 31st March 2020 for hedging currency risks:

As at 31st March 2020

Nature of Derivative	Type	No. of Contracts	Foreign Currency (In Lakhs)	Amount (In Lakhs)
Forward Covers				
USD/IINR	Buy	1	39.22	2,956.98

Note: INR equivalent values have been calculated at the year end exchange rates in INR to give an indicative value of the contracts in Indian

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings and interest bearing other financial liabilities with variable rates, which expose the Company to cash flow interest rate risk. As at 31st March 2020, the Company's borrowings at variable rate were denominated in Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported by the management of the Company is as follows.

	Amount (Rs. In lakhs)	
	March 31, 2020	March 31, 2019
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	5,187.17	4,935.05
	5,187.17	4,935.05
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	5,200.00	4,450.00
	5,200.00	4,450.00

Cash flow sensitivity analysis for variable-rate instruments

An increase of 50 basis points (previous year Nil basis points) in interest rate at the reporting date would have increased, (decreased) Profit or Loss by the amount shown below. This analysis assumes that all other variables, remain constant.

	Year ended March 31, 2020		Year ended March 31, 2019	
	Increase	Decrease	Increase	Decrease
Interest rates - increase/decrease by 50 basis points (Previous year nil basis points)	25.28	(25.28)	-	-
Cash flow sensitivity	25.28	(25.28)	-	-

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

	(Rs. In Lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
36 Payments to Auditors (excluding applicable taxes):		
Statutory audit fee	4.00	3.00
Certification fee	3.22	0.15
Total	7.22	3.15

SUDHA SOMANY CERAMICS PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020****37 Segment Reporting**

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Ceramic Tiles and Allied products" and substantially sale of the product is within one geographical segment i.e. India. Revenues from one major customer of the company is Rs. 6546.60 lakhs (excluding GST) which is more than 10% of the company's total revenues.

38 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors the return on capital. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The following table summarises the capital of the Company

Particulars	(Rs. In Lakhs)	
	March 31, 2020	March 31, 2019
Equity Share Capital	1,500.00	1,500.00
Other Equity	(857.43)	79.29
Total Equity	642.57	1,579.29
Current/Non-Current Borrowings	10,369.82	9,023.07
Interest bearing security deposit	122.50	105.00
Current maturities of Non-Current Borrowings	767.61	256.98
Total Debts	11,259.93	9,385.05

39 Changes in Liabilities and Asset from Financing Activities are as under:

Particulars	As on March 31, 2020	Cash Flow	Non- Cash Changes			As on March 31, 2019
			Obtaining/ losing Control of Subsi./ other Business	Foreign Exchange Movement	Fair Value Movement	
Non current borrowings (including interest bearing security deposit)	8,619.57	1,619.23	-	(255.62)	-	9,385.05
Issue of share capital	1,500.00	-	-	-	-	1,500.00
Total liabilities from financing activities	10,119.57	1,619.23	-	(255.62)	-	10,885.05
Cash outflow on interest payment		(1,122.25)				
Total Cash inflow/Outflow from financing activities		496.98				

- 40 Presently Company is working on tally and steps have been initiated for process automation for booking consumption, sales, etc. and process of balance confirmation has been strengthened.
- 41 Due to outbreak of Covid-19 globally and in India, the Company temporarily closed it's operations from 23rd March 2020 till 4th June 2020 to stop the spread of Covid-19 and to protect the health and safety of all. Further, the Company has carried out its initial assessment of the likely adverse impact on economic environment and financial risk because of Covid-19. The Company is in the business of manufacturing and trading of "Ceramics tiles and Allied Products", which are connected with the construction activities that are in a way fundamental to the Indian economy. Although, there is significant impact, on account of demand destruction, in the short term, however, management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the Company, in the long-term. The Company expects to recover the carrying amount of all its assets including inventories, receivables and loans in the ordinary course of business based on information available on current economic conditions. The Company is continuously monitoring any material change in future economic conditions.
- 42 The audited GST return for the year ended March 31, 2019 is pending for the filing as the competent authority has extended the date of filling till September 30, 2020. The Company is in process of reconciling the data of GSTR 2A with GSTR 3B. In view of the management on final reconciliation the impact will not be material.
- 43 Previous year figures have been regrouped/rearranged/recast wherever necessary to confirm to the current year presentation.

As per report of even date attached

For and on behalf of Board of Directors

For LODHA & CO.
Chartered Accountants
(FRN No.- 301051E)

EDUPUGANTI SUJATHA
Director
DIN: 07456297

EDUPUGANTI SIREESHA
Managing Director
DIN: 07521204

GAURAV LODHA
Partner
M. No. 507462
Place: New Delhi
Date:12/06/2020

EDUPUGANTI RAJEEV
Chief Executive Officer
PAN: AACPE9039P

SAMPADA SUDHAKAR REYYA
Company Secretary
M.No 25935

Place: Peddapuram
Date: 12-06-2020