

To, The Members, Kineco Limited

### Report of the Board of Directors for the Financial Year ending 31st March, 2022

Your Directors present herein below the 27<sup>th</sup> Annual Report on the business and operations of the Company and the financial statements for the Financial Year ended 31<sup>st</sup> March, 2022.

## 1) Financial & Business Highlights (Standalone and Consolidated):

#### Standalone

A snap shot of the performance of the company as per Standalone financial statement is as under:

(Rs. In Crore)

|                          |                | (Ita. III Ololo) |
|--------------------------|----------------|------------------|
| Particulars              | For FY 2021-22 | For FY 2020-21   |
| Turnover (Net)           | 149.59         | 96.78            |
| EBITDA                   | 17.04          | 15.50            |
| Profit/(Loss) before tax | 2.04           | 0.23             |
| Profit/(Loss) after tax  | (0.41)         | 0.88             |
| Cash Profit              | 7.20           | 5.98             |

#### Consolidated

A snap shot of performance of the group as per consolidated financial statement is as under:

(Rs. In Crore)

| Particulars              | For FY 2021-22 | For FY 2020-21 |
|--------------------------|----------------|----------------|
| Turnover (Net)           | 201.91         | 145.06         |
| EBITDA                   | 29.72          | 25.52          |
| Profit/(Loss) before tax | 11.55          | 7.21           |
| Profit/(Loss) after tax  | 6.22           | 1.92           |
| Cash Profit              | 15.89          | 11.99          |

## Year in Retrospect

During the year under review, your company clocked record high annual revenues of INR 149.59 Crores (standalone) / INR 201.91 Crores (consolidated), resulting in a YoY increase of 39% (standalone) / 54% (consolidated) and surpassing the previous high of INR 124.52 Crores (standalone) / INR 178.45 Crores (consolidated) achieved in FY19-20. The company demonstrated a strong recovery from the impact of second wave of covid-19 in Q1 (Apr-Jun 2021) which had stalled business momentum albeit temporarily. This performance can be attributed largely to the company's railways business which bounced back with more than 2x YoY jump in revenues in FY 21-22 at INR 116.96 Crores as compared to INR 52.58 Crores in FY20-21, when it was impacted by most by Covid-19 induced business stoppages and supply chain disruptions.

#### KINECO LIMITED

(Formerly Kineco Pvt. Ltd.)
Registered Office: 41, Pilerne Industrial Estate, Bardez, Goa-403 511,
Tel: 91-832-6710900, Fax: 91-832- 6710910, Website:www.kinecogroup.com
CIN: U24134GA1994PLC001672

The Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) stood at Rs. 29.72 Crores (Consolidated) / Rs. 17.04 Crores (standalone) in FY 2021-22, as compared to Rs. 25.52 Crores (Consolidated) / Rs. 15.50 Crores (standalone) in the previous FY, thereby recording an YoY increase of 16% and 10% respectively.

While the company recorded a robust growth in revenues in the year under review, the profit at standalone level witnessed a significant dip on account of unprecedented increases in the input commodity prices and freight costs coupled with Company's contractual inability to pass these on to its customers due to fixed rate nature of contracts in its railway business. While some of this impact was absorbed by a one-time income from sale of Pultrusion assets to Kineco Exel Composites India Pvt Ltd, given the magnitude of the impact and also due to the higher provisioning towards deferred tax, the Company incurred a net loss of Rs. 0.41 Crores at the standalone level. However, the Company continued to stay profitable at the PBT level with PBT of Rs. 2.04 Crores (standalone) and cash profit of Rs. 7.20 Crores.

The Consolidated Net Profit after Tax in the year under review came at Rs.6.22 Crores as compared to Rs. 1.92 Crores in the previous Financial Year on account of improved profitability of the Company's Aerospace business.

The Company's ongoing discussions on potential strategic partnership with a global leader in the pultruded composites industry culminated in signing of Joint Venture with Exel Composites, Finland in Oct 2021. The Company sold its pultrusion assets to a new JV company, Kineco Exel Composites India Pvt Ltd, in which Exel Composites Oyj subscribed to a 55% equity share ownership with the balance 45% shareholding held by Kineco Limited. The joint venture seeks to harness the technological expertise and manufacturing knowhow of both the partners and target significant business growth in large and growing industries such as wind power, transportation and telecommunications.

The Company's proactive engagement with its workforce during the pandemic has played a key role in the successful ramp up of business and its considerably better performance in the year under review as compared to previous period. During the year under review, the Company dutifully complied with the Government SOPs to ensure health and well-being of its employees and all the production facilities could operate safely without any risk to the employees. As on the date, 100% of Company's employees are fully vaccinated with both doses of vaccines.

With our country and industry going through a favorable economic turnaround post the pandemic, the Company's businesses are expected to continue the positive growth momentum in FY22-23. With recent closure of significant new orders in Q3 and Q4 FY21-22, the Company's consolidated order book stands over INR 200 Crores as on 31st Mar 2021, executable in next two FYs.

#### **RAILWAYS**

With 78% share in the standalone revenue mix for FY21-22, the Company's railways business was the single largest contributor to the Company's turnover in the year under review as has been the case in recent years. With an order backlog of INR 150 cr and strong order pipeline and visibility, the Company's railways business is positioned to be main driver of growth for the Company in the coming FYs.

During the year under review, the railway business has been able to acquire significant market share in turnkey segment by winning contracts for coach refurbishment of key train platforms such as Tejas (INR 35 Crores order) and Garibrath (INR 82 Crores

order). The rail business also managed to get onboard the signature Vande Bharat train platform by bagging a key order for supply of aerodynamic front ends.

Kineco rail business with its current market positioning has a real opportunity to be a leader in this field with a combination of its existing product offerings and launch of new products which are in advanced stages of development at its in-house R&D unit (Zugmak), such as vacuum toilets, automatic doors, etc.

This success hinges on timely execution of existing orders and aggressive sales acquisition in private rail car market in coming FY which will allow Kineco to consolidate its leadership position in the domestic rail interiors market and make strong inroads in the global rolling stock market.

However, the fierce competitive pricing prevailing in the domestic market coupled with a volatility in prices of input raw materials pose a risk of keeping profitability of the rail business under downward pressure in the near term. The Company expects the market forces to pave the way for consolidation amidst competitive pressures. The Company's Rail business aims to continue its focus on best in class operational practices and strategic initiatives on vendor development to optimize some of its manufacturing costs.

#### DEFENCE

During the year under review, the Company's Defence business consolidated its position in the market and registered a flat YoY growth with revenues of INR 19.29 Crores in FY21-22. The Company's Defence business continued to reap the benefits of the commercialization of its signature product, Sonar Dome by supplying 3 nos to Mazagaon Dock Shipbuilders Limited (MDL) in this period. The Company has a robust order visibility of ~ INR 60 Crores for Sonar Domes in next couple of years. The Company is also in discussions with potential overseas customers to make a foray in the defence export market with its Indian Designed, Developed and Manufactured (IDDM) Sonar Dome and also other critical composite products onboard land, marine and aerial defence platforms.

#### **AEROSPACE**

During the year under review, the Company's Aerospace business, Kineco Kaman posted revenues from operations of Rs. 52.48 Crores, registering a YoY increase of 8.07% from Rs. 48.56 Crores in FY20-21. Although the Profit before Interest and Depreciation dipped from Rs. 14.42 Crores to Rs. 12.68 Crores, a decline of 12.07% over previous year figures, the net profit after tax increased from Rs. 5.40 Crores to Rs. 7.23 Crores during the year under review.

In recent years, the global aerospace ecosystem has been affected by the global slowdown in the aftermath of the pandemic and more recently by Russia-Ukraine war crisis. The uncertainty in availability of raw materials particularly carbon fiber and steep rise in the prices of key input materials, consumables and freight costs posed multiple logistic challenges during the year under review.

Despite this, the Company's Aerospace business Kineco Kaman continued to fulfill the expectations of its customers on timely delivery and quality parameters in FY2021-22. The Company was once again recognized and conferred Gold Supplier award by its flagship customer BAE Systems for maintaining a 100% on-time delivery rating & 100% quality performance in 2021.

In FY21-22, the Company's Aerospace business also completed its first commercial delivery of Composite Equipment Bay Shroud (EBS) Assembly to Vikram Sarabhai



Space Centre (VSSC) and achieved the distinction of being India's first private company to complete successful industrialization of EBS Composite Assembly for ISRO's Geosynchronous Satellite Launch Vehicle (GSLV) Mark-III.

During the year, the Company's Aerospace business made foray into the field of satellite communication by adding two new customers, which opens up avenues for a recurring reflectors and Radomes business.

During the year, Company's Aerospace business signed a purchase contract with Fill, Austria for procurement of 7-Meter-long 14 Axes Dual Robotic Arm Ultrasonic C-Scan Equipment to enhance its existing ultrasonic inspection capability. This additional C-scan capability shall facilitate Kineco Kaman to collaborate with global OEM's & Tier-1s to win new business across aerospace, defense and space segments.

While the Company's Aerospace business has confirmed order book, strong order visibility and sound financial liquidity position, anticipating uncertainties and further disruptions in the Aerospace & Defence sector, the Board is closely monitoring the situation and will take the appropriate measures to protect the interests of the Company, its employees, shareholders and other stakeholders.

Overall, the Company's combined Aerospace and Defence business is poised to make the Company one of India's leading developers and manufacturers of composite structures for domestic and global aerospace and defence applications.

In summary of the year under review, the Company has been able to gain market share and secure its leadership position in key segments of railway, aerospace and defence while maintaining an expectation that competitive pressures and commodity prices will soften in medium to long term and allow the Company to deliver long term value to its shareholders.

## 3) Management Discussion and Analysis

a. Industry structure and developments.

Kineco offers a wide spectrum of composites for Aerospace, Defense, Railways, Automotive and Telecommunication sectors. The Company's primary business activity is manufacturing and selling of composite FRP products to these end use sectors. The Company's production facilities are located at Goa, India. As such there are no reportable geographic segments.

b. Outlook on Opportunities, Threats, Risk and Concerns.

The Company expects the margins in railways to remain under competitive pressure. To overcome these market conditions, the Company is taking various initiatives on operational excellence, which will result in higher efficiencies and lower costs. The Company is consistently pursuing new opportunities and partnerships to grow its non-railway business that will allow it to decrease its dependency on the railway business.

c. Internal control systems and their adequacy.

The Company has adequate Internal Control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The Internal Control system provide for well-documented policies, guidelines, authorizations and approval procedures. The Internal Auditors of the

Company, RGN Price & Co., had carried out Internal Audit extensively throughout the year. The prime objective of such Audit is to test the adequacy and effectiveness of all Internal Controls laid down by the management and to suggest improvements, wherever necessary.

### d. Financial performance

The Consolidated Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) stood at Rs. 29.72 Cr in FY 2021-22, as compared to Rs. 25.52 Cr in the previous FY, thereby recording an increase of 16% YoY.

The Consolidated Net Profit after Tax in the year under review increased to Rs.6.22 Cr from Rs. 1.92 Cr in previous Financial Year.

## e. Human Resources / Industrial Relations

Human resources continue to be a key thrust area for the company. The Company's relationship with its employees continues to be cordial. This year the Company organized virtual training workshops to enhance the skill levels of its employees. The Company also conducted a number of employee engagement e-workshops during the year. The number of employees stood at 186 as on 31st March, 2022.

## 4) Comments on audit report:

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report and therefore do not call for any further comments and explanations.

## 5) Appointment Of Statutory Auditors:

M/s. V.B. Prabhu Verlekar & Co., Chartered Accountants (Firm Registration No. 108008W), Panaji, Goa were appointed as Statutory Auditors for a period of 5 years, from the conclusion of Annual General Meeting held on 22nd September, 2018 until the conclusion of the 29th AGM of the Company to be held in the year 2023, at a remuneration decided by the Board of Directors. The Ministry of Corporate Affairs has vide notification dated 7th May 2018 obliterated the requirement of seeking Member's ratification at every AGM on appointment of Statutory Auditor during their tenure of 5 years.

### 6) Deposits:

The Company has not accepted any deposits during the year.

#### 7) Insurance:

All assets of the company are adequately insured under comprehensive risk policies, which are fully in force.

#### 8) Dividend:

Your Directors have not recommended any dividend for the FY ended 31.03.2022.

### 9) Change in Share Capital

The Authorised share capital of the Company is Rs. 20,50,00,000 (Rupees Twenty Crore and Fifty Lakhs). The equity paid up share capital is Rs. 6,26,41,830/- (Rupees Six Crore Twenty-Six Lakhs Forty-One Thousand and Eight Hundred and Thirty Only) and the preference paid up share capital is Rs. 8,00,00,000/- (Rupees Eight Crore Only).

There were no changes in the share capital during the year under review.

However, the terms of terms of redemption of the 1% cumulative optionally convertible Preference Shares of Rs. 100 each have been varied with the consent of the single shareholder of Preference Shares of the Company. The details of which are given below:

- i. Type of shareholder Preference shareholder
- ii. No. of shares held by the shareholder 8,00,000 preference shares
- iii. Existing amount per share Rs. 100 per share
- iv. Type of variation Extension in period for Redemption by one year and proportionate increase in redemption premium thereof.
- v. Details of resolution passed Board Resolution passed on 23.05.2022.

## 10) Additional Information:

The Company has duly complied with the provisions of Section 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 11) Energy conservation and technology absorption:

The Company regularly monitored air emission sources and the ambient air quality and was able to maintain emission levels within regulatory standards. The Company takes adequate measures to reduce energy consumption.

## 12) Secretarial Auditor

The Company has appointed Mr. Sudarshan Shintre, Practicing Company Secretary as Secretarial Auditor for the FY 2021-22. There were no qualifications in the Secretarial Auditor's Report for the Year ending 31<sup>st</sup> March 2022 (Annexure 4).

#### 13) Directors

Presently the Board of Directors of the company comprises of 9 (Nine) directors. There were no changes in the Board of Directors during the year under review.

Mr. Prashant Naik and Mr. Subramanyam M, who are liable to retire by rotation at the ensuing AGM, being eligible, have offered for re-appointment. The Board recommends their re-appointment.

The Company has received confirmations that none of the Directors were disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act and that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. There has been no change in the circumstances affecting their status as independent directors of the Company.

#### 14) Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are: Mr. Shekhar Sardessai, Executive Vice Chairman and Managing Director,

Mr. Aravind Kumar S R, Chief Financial Officer and Mrs. Manisha Naik Shirgaonkar, Company Secretary.

# 15) <u>Performance and Financial Position of the Subsidiary/Joint Venture/Associate</u> Company:

During the year, the Board of Directors ('the Board') reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company with its subsidiary, which form part of the Annual Report. Further, a statement containing the salient features of the financial statement of the subsidiary in the prescribed format AOC - 1 is appended as Annexure 1 to the Board's report. These documents will also be available for inspection during business hours at our registered office.

### 16) Particulars of Loans and Investments

During the year under review, Company's shareholders at its Extraordinary General Meeting held on 30th September 2021, accorded their consent to sell/transfer the Pultrusion Assets of Kineco Ltd to a WOS of the Company.

On 13<sup>th</sup> October 2021, the Company purchased 10 equity shares from the first shareholders of Kineco Exel Composites India Private Limited (KECI) at face value and further the Company, upon renunciation of their rights by the first shareholders, subscribed to the Rights Issue offered by KECI at face Value. The Company was subsequently allotted 82,870 shares at face value, thereby making KECI a wholly-owned subsidiary.

Thereafter the Company transferred the said Pultrusion Assets (including Inventory, Non-Compete Fees & intangible Assets) to KECI on 13<sup>th</sup> October 2021 for a consideration of Rs. 10.23 Crores.

On 14 October 2021 Kineco signed an agreement to establish a Joint Venture to develop the Indian pultrusion market together with Exel Composites Oyj, a Nasdaq Helsinki listed, globally recognized composites company. This Joint Venture enables the Company to grow its Pultrusion Business, by leveraging global Pultrusion technology and market knowhow offered by Exel Composites Oyj, while making use of Kineco's existing local know-how and resources in the Indian market.

KECI offered 1,01,290 equity shares by a Preferential Issue on a Private Placement basis to Exel Composites OYJ at a price of Rs. 1,110 (Rs. 100 plus Rs. 1010 premium). Upon acceptance of the offer, KECI allotted 1,01,290 shares to Exel Composites OYJ, thereby making Exel Composites OYJ a holding company to KECI (holding 55% of the shareholding of KECI) and Kineco, an Associate Company (holding 45% shareholding of KECI). The Joint Venture – Kineco Exel Composites India Pvt Limited has envisioned that its long-term goal is to produce Pultrusion products and scale the business up by selling Pultrusion profiles across diverse segments.

On 12<sup>th</sup> January 2022, the Board of the Company approved extending a Corporate Guarantee in favour of HDFC Bank Limited, for enabling KECI (borrower) to avail a Working Capital Loan facility(ies) amounting to Rs. 5 Crores (Rupees Five Crores Only).

On 24<sup>th</sup> February 2022, the Board approved granting of an unsecured working capital loan(s) with an umbrella limit of Rs. 1 crore, as and when required by KECI, in order to meet its Working Capital requirements for a maximum period of 1 year, at a rate of interest of Prevailing bank rate plus one percent. The loan has not been availed by KECI as on

date and the same may be availed as and when required by KECI, depending on its working capital requirements.

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 17) Number of Board Meetings conducted during the year under review

During the year under review, 13 (Thirteen) board meetings took place on 18<sup>th</sup> June 2021, 10<sup>th</sup> August 2021, 04<sup>th</sup> September 2021, 08<sup>th</sup> September 2021, 18<sup>th</sup> September 2021, 12<sup>th</sup> October 2021, 13<sup>th</sup> October 2021, 14<sup>th</sup> October 2021, 09<sup>th</sup> November 2021, 12<sup>th</sup> January 2022, 04<sup>th</sup> February 2022, 09<sup>th</sup> February 2022 & 24<sup>th</sup> February 2022.

The Company has complied with all the Secretarial standards, as applicable to the Company.

## 18) Audit Committee

The Committee comprises of three Directors. Majority of the members of the committee are Independent Directors and possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee. The committee had Seven meetings during the FY 2021-22 on 18<sup>th</sup> June 2021, 10<sup>th</sup> August 2021, 04<sup>th</sup> September 2021, 12<sup>th</sup> October 2021, 13<sup>th</sup> October 2021, 09<sup>th</sup> November 2021 and 09<sup>th</sup> February 2022.

All the recommendations of the Audit Committee were accepted by the Board.

Composition of the Audit Committee:

1) Mr. Vipin Agarwal

- Chairman

2) Mr. Rajesh Khaunte

- Member

3) Mr. Ramesh Rajan

- Member

19) Nomination & Remuneration Committee

The Committee comprises of three Directors. Majority of the members of the committee are Independent Directors. The committee had one meetings during the FY 2021-22 on 18<sup>th</sup> June 2021. All the recommendations of the committee were accepted by the Board.

Composition of the NRC Committee:

- i) Mr. Rajesh Khaunte- Chairman
- ii) Mr. Vipin Agarwal- Member
- iii) Mr. Subramanyam Mutnuru- Member

#### 20) Cost Audit

The Company maintains cost records as specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013.

During the year the Board appointed Mr. Irudayam Savari Muthu (FRN No.100107) as Cost Auditor of the Company for conducting the audit of cost records of the Company made and maintained by the Company pertaining to the financial year commencing from 01.04.2021 and ending on 31.03.2022.

## 21) Vigil Mechanism/Whistle Blower Policy

The Company has established a Vigil Mechanism/Whistleblower Policy for the employees to report their genuine concerns or grievances is made available to the employees. The Audit Committee of the Company oversees the Vigil Mechanism.

### 22) Corporate Social Responsibility (CSR)

During the year under review, The Provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII, with respect to Corporate Social Responsibility were not applicable to the Company for the FY 2021-22.

The Company has constituted a CSR Committee consisting of the following members:

- 1. Mr. Aditva Reddy
- 2. Mr. Shekhar Sardessai
- 3. Mr. Rajesh Khaunte

Pursuant to Section 135(9) of Companies Act, 2013, since the Company's spending towards CSR does not exceed Rs 50 lakhs, the requirement for constitution of the Corporate Social Responsibility Committee is not applicable and the functions of CSR Committee are being discharged by the Board of Directors of the Company. Hence, the company did not hold meeting of the CSR Committee.

Annual Report on CSR activities are included in the Annexure -3 of this Report in the format prescribed in the Companies (CSR Policy) Rules, 2014. The CSR Policy of the Company is available on the website of the Company (www.kinecogroup.com).

## 23) Related Party Transactions:

Transactions entered into by the company are in its ordinary course of business and at arms' length price, and are completely outside the scope of section 188(1) of the Companies Act, 2013 and hence, this does not require disclosure of such transactions in the Board report, with the exception of a transaction as reported in Form AOC -2, annexed as **Annexure - 2** to this Report.

All transactions with related parties are placed before the Audit Committee for approval. The Audit Committee reviews all transactions entered into by the Company on a quarterly basis.

#### 24) Risk Management

A key factor in determining a company's capacity to create sustainable value is the risks that the company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

#### 25) Prevention of sexual harassment at work

The Company has put in place a 'Policy on Prevention of Sexual Harassment of Women at Work Place' with aim to redress sexual harassment instances, to create mechanism on redressal of such issues at workplace and sensitizes employees on how to report such

offences to the committee. During the year no complaints of sexual harassment were received by the Internal Committee.

### 26) Foreign currency earning and outgo

During the year, foreign currency inflows were Rs. 3.68 Cr and outflows were Rs. 2.25 Cr.

## 27) Material changes and commitments

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report.

## 28) Significant and Material Orders

There were no significant and material orders passed by the Regulators or courts or tribunals impacting the going concern status and Company's operation in the future.

### 29) Directors' Responsibility Statement:

Pursuant to provisions of Section 134(3) (c) of the Companies Act, 2013, the directors hereby state and confirm that:

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

## 30) Annual Return

The annual return referred to in Section 134(3)(a) of the Companies Act, 2013 will be available at the web address: <a href="https://www.kinecogroup.com">www.kinecogroup.com</a>.



## 31) Acknowledgement

The Directors place on record their appreciation for the continued support and co-operation rendered by the banks, government authorities, customers, suppliers and the shareholders of the Company. The Directors' also convey their thanks to their employees at all levels for the growth of the company.

For Kineco Limited

Shekhar Sardessai DIN: 00016446

Executive Vice Chairman & Managing Director

Plot No 41

ERNE

Plot No 4

ERNE

For Kineco Limited

Prashant Naik DIN: 01866113

Director

Date: 23.05.2022



## **ANNEXURE 1**

#### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No.                   | Particulars   | Details                     | Details              |
|---------------------------|---|-----------------------------|----------------------|
| 1. Name of the subsidiary |   | Kineco Kaman                | Kineco Alte Train    |
|                           | •   | Composites India Pvt<br>LTD | Technologies Pvt Ltd |
| 2.                        | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A                         | N.A                  |
| 3.                        | Reporting currency and Exchange rate as on the last date of the relevant Financial                      | N.A                         | N.A                  |
|                           | year in the case of foreign subsidiaries  |                             |                      |
| 4.                        | Share capital   | 11,51,64,000                | 1,80,60,870          |
| 5.                        | Reserves & surplus  | 22,74,25,000                | (1,86,69,196)        |
| 6.                        | Total assets  | 66,77,68,000                | 43,941               |
| 7.                        | Total Liabilities   | 25,33,16,000                | 6,25,266             |
| 8.                        | Investments   | 0                           | 0                    |
| 9.                        | Turnover  | 52,48,32,000                | 0                    |
| 10.                       | Profit before taxation  | 9,50,82,000                 | 0                    |
| 11.                       | Provision for taxation  | 2,27,41,000                 | 0                    |
| 12.                       | Profit after taxation   | 7,18,63,000                 | 0                    |
| 13.                       | Proposed Dividend   | 0                           | 0                    |
| 14.                       |   | 51%                         | 89.66%               |

# Part "B": Associates and Joint Ventures

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

| Name of Associates/Joint Ventures |  | Kineco Exel Composites India private Limited |  |
|-----------------------------------|--|--|--|
| 1.                                | Latest audited balance sheet date          | 31/03/2022                                   |  |
| 2.                                | Shares of Associate/Joint Ventures held by |  |  |
|                                   | the company on the year end                |  |  |
|                                   | Number                                     | 82,880                                       |  |
|                                   | Amount of Investment in Associates/Joint   | 82,88,000                                    |  |
|                                   | Venture                                    |  |  |
|                                   | Extend of Holding %                        | 45%  |  |
| 3.                                | Description of how there is significant    | As per Section 2(6) of the Companies         |  |
|                                   | influence                                  | Act, 2013, significant influence             |  |
|                                   |  | means control of at least twenty per         |  |
|                                   |  | cent. of total share capital, or of          |  |

KINECO LIMITED

(Formerly Kineco Pvt. Ltd.)
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CIN: U24134GA1994PLC001672

|   | business decisions under an agreement.  Hence, since Kineco Limited holds |
|---|---|
|   | 45% of Kineco Exel Composites   |
|   | India Private Limited (KECI), KECI  |
|   | becomes an associate Company of   |
|   | Kineco Limited.   |
| 4. Reason why the associate/joint venture is not consolidated | NA  |
| 5. Net worth attributable to Shareholding as                  | 10,82,59,463  |
| per latest audited Balance Sheet                              |   |
| 6. Profit / Loss for the year                                 |   |
| i. Considered in Consolidation                                | (56,07,196)   |
| ii. Not Considered in Consolidation                           | (68.53,240)   |

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations

2. Names of subsidiaries which have been liquidated or sold during the year.

Plot No 4

ERNE

For Kineco Limited

Shekhar Sardessai DIN: 00016446

Executive Vice Chairman & Managing Director

Plot No 4

ERNE

For Kineco Limited

Prashant Naik DIN: 01866113

Director



#### **ANNEXURE 2**

#### FORM NO. AOC -2

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

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

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

| SL. No. | Particulars   | Details   |
|---------|---|-----------|
| a)      | Name (s) of the related party & nature of relationship  |           |
| b)      | Nature of contracts/arrangements/transaction  |           |
| c)      | Duration of the contracts/arrangements/transaction  |           |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any                         |           |
| e)      | Justification for entering into such contracts or arrangements or transactions'                                   | NOT       |
| f)      | Date of approval by the Board   | APPICABLE |
| g)      | Amount paid as advances, if any   |           |
| h)      | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |           |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. | Particulars   | Details  |   |  |
|-----|---|--|---|--|
| No. | N (2) Calculated and a  | Viscos Fral Community and  | is Drivete Limited (VECI)   |  |
| a)  | Name (s) of the related party & nature of relationship                                    | Kineco Exel Composites Ind   |   |  |
| b)  | Nature of contracts/arrangements/transaction  | Transfer of Pultrusion<br>Assets   | Purchase of shares of KECI  |  |
| c)  | Duration of the contracts/arrangements/transaction  |  |   |  |
| d)  | Salient terms of the contracts or arrangements or transaction including the value, if any | Asset Purchase Agreement -The Company has sold Certain Pultrusion Assets (Plant & Machinery) to Kineco Exel Composites India Private Limited and which also includes Inventory, Non- Compete Fees & intangible Assets aggregating to Rs. 10.23 Cr based on a valuation report. | The Company purchased all the shares (10 shares) of KECI from the existing shareholders of the Company at face value who are also the Directors on the Board of Kineco Limited I .e Shekhar Sardessai and Vinay Jagtap. |  |

## KINECO LIMITED

(Formerly Kineco Pvt. Ltd.)

Registered Office: 41, Pilerne Industrial Estate, Bardez, Goa-403 511, Tel: 91-832-6710900, Fax: 91-832-6710910, Website:www.kinecogroup.com

CIN: U24134GA1994PLC001672



FRNE-C

For Kineco Limited

Shekhar Sardessai Executive Vice Chairman & Managing Director

DIN: 00016446 Date: 23.05.2022 For Kineco Limited

COLIN

Plot No 4

ERNE-

Prashant Naik

Director

DIN: 01866113 Date: 23.05.2022



#### **ANNEXURE 3**

#### **ANNUAL REPORT ON CSR ACTIVITIES**

#### 1. A brief outline of the Company's CSR Policy:

Kineco believes in inclusive growth to facilitate creation of value-based and empowered communities through continuous and purposeful engagement with society. Kineco has always endeavored to conduct its business responsibly, in compliance with applicable laws as well as being mindful of its social accountability. Kineco undertakes its CSR activities in the following focus areas:-

- initiatives aimed at transforming the lives of under privileged children & empowering women through education, skill development and access to opportunities
- Promoting health care including improving the water, sanitation and hygiene facilities in needy schools and localities; supporting waste management agencies.
- Skill Development, employability and technology incubations Plantations and afforestation activity with a view to ensuring environmental sustainability and ecological balance.
- Supporting relief & rehabilitation measures during natural disasters through donations to funds set up by the Central or state Government and Rural area development projects.
- **2. The composition of the CSR committee:** The Company has constituted a Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act, 2013 and details of its members are as follows:-

| S. No. | Name of the Director  | Designation |
|--------|-----------------------|-------------|
| 1.     | Mr. Aditya Reddy      | Chairman    |
| 2.     | Mr. Shekhar Sardessai | Member      |
| 3.     | Mr. Rajesh Khaunte    | Member      |

<sup>\*</sup>Since the Company's CSR spent does not exceed Rs 50 lakhs, the requirement for constitution of the Corporate Social Responsibility Committee is not applicable and the functions of CSR Committee are being discharged by the Board of Directors of the Company. (Section 135(9) of Companies Act, 2013)

- 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. : <a href="https://www.kinecogroup.com/downloads.php">https://www.kinecogroup.com/downloads.php</a>
- 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).: Not Applicable
- 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: ).:

| Sl. No. | Financial Year | Amount available for set-off<br>from preceding financial<br>years (in Rs) | Amount required to be setoff<br>for the financial year, if<br>any (in Rs) |
|---------|----------------|---|---|
| 1.      | 2020-21        | Rs. 4,09,753.84   |   |

6. Average net profit of the Company as per section 135(5) of last 3years: (-) Rs. 41,11,577

| 7. (a) Two percent of average net profit of the company as per section 135(5):                          | NIL             |
|---|-----------------|
| (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years | Rs. 4,09,753.84 |
| (c) Amount required to be set off for the financial year, if any  | NIL             |
| (d) Total CSR obligation for the financial year (7a+7b-7c).   | Rs. O           |

## KINECO LIMITED

- 8. (a) CSR amount spent or unspent for the financial year: An amount of Rs. 4,09,753.84 is available for set-off and is to be carried forward to the next year under Sub Rule (3) of Rule 7 of The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- (b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable
- (c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable
- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: NIL
- (f) Total amount spent for the Financial Year: (8b+8c+8d+8e): Not Applicable
- (g) Excess amount for set off, if any: NIL
- 9. (a) Details of Unspent CSR amount for the preceding three financial years: N. A

Plot No 4'

ERNE

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): N.A.
- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable
- 11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: Not Applicable

For Kineco Limited

Shekhar Sardessai Executive Vice Chairman & Managing Director DIN: 00016446

Date: 23.05.2022

For Kineco Limited

Prashant Naik Director

DIN: 01866113

Date: 23.05.2022

Plot No 4

ERNE

**ANNEXURE 4** 

Secretarial Audit Report

#### **ANNEXURE 4**

#### Secretarial Audit Report

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2022

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

#### To,

The Members, Kineco Limited Plot No. 41, Pilerne Industrial Estate, Pilerne, Bardez-403511, Goa

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KINECO LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2022 (hereinafter referred to as the "Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder; (Not applicable to the Company during the audit period)
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the Audit Period);
- v. The Reserve Bank Commercial Paper Directions, 2017; (not applicable to the Company during the Audit Period);
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (not applicable to the Company during the audit period);
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(not applicable to the Company during the audit period);



- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable to the Company during the Audit Period);
- d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 (not applicable to the Company during the audit period);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the audit period);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (not applicable to the Company during the audit period);
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the audit period); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (not applicable to the Company during the audit period).

I have also examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and as mandated by the Companies Act, 2013.

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

I have relied on the representations made by the Company and its officers for systems and the mechanism formed by the Company and having regard to the compliance system prevailing in the Company and on an examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following significant laws applicable specifically to the Company:

- 1. The Factories Act, 1948;
- 2. The Goa Industrial Development Act, 1965;
- 3. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- 4. The Environment (Protection) Act, 1986 and rules framed thereunder;
- 5. The Air (Prevention and Control of Pollution) Act, 1981 and rules framed thereunder;
- 6. The Water (Prevention & Control of Pollution) Act, 1974 and rules framed thereunder;
- 7. All applicable Labour Laws and other incidental laws related to Labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, Compensation, etc;

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as prescribed. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings including committees thereof along with agenda and detailed notes on agenda were sent at least



seven days in advance except for the meetings for which shorter notice was given, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

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

I further report that during the Audit Period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules and standards.

Place: Mapusa, Goa Date: 23<sup>rd</sup> May, 2022

Sudarshan V. Shintre Company Secretary ACS No. 33334, CP No. 15077

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

ANNEXURE A

To. The Members,

KINECO LIMITED

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial

records. I believe that the processes and practices I followed provide a reasonable basis for

my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of

Accounts of the company.

4. Wherever required, I have obtained the Management representation about the

compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to

the verification of procedures on test basis.

6. The secretarial Audit report is neither an assurance as to the future viability of the

Company nor of the efficacy or effectiveness with which the management has conducted

the affairs of the company.

Place: Mapusa, Goa

Date: 23rd May, 2022

Sudarshan Shintre Company Secretary

ACS No. 33334, CP No. 15077

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# V. B. PRABHU VERLEKAR & CO.

## **Chartered Accountant**

102, "Govinda", Mahatma Gandhi Road, Panaji – Goa 403001 Phone – (0832)2223812, Fax (0832)2225456, Email: info@vbprabhuverlekar.com

## INDEPENDENT AUDITOR'S REPORT

To the Members of Kineco Limited Report on the Audit of the Standalone Financial Statements

## **Opinion**

We have audited the accompanying standalone financial statements of Kineco Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## **Basis for Opinion**

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

# Information Other than the Standalone Financial Statements and Auditor's Report

The Company's Board of Directors is responsible for the preparation of the other information. The other information obtained at the date of this Auditor's Report comprises the information included in the Director's Report, but does not include the standalone financial statements and our Auditor's Report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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
  Companies Act, 2013, we are also responsible for expressing our opinion on whether the
  company has adequate internal financial controls system in place and the operating
  effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting 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 reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not proposed, declared or paid any interim or final dividend during the year.

7953 Firm Reg. No: For V. B. Prabhu Verlekar & Co.

**Chartered Accountants** 

Firm's Registration No. 108008W

V. B. Prabhu Verlekar

Proprietor

Membership No. 007963

UDIN: 22007963AJNJHV7444

Place: Panaji - Goa Date: 23-05-2022

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) A) Based on information and explanations provided to us, the company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - B) Based on information and explanations provided to us, the company has maintained proper records showing full particulars of intangible assets.
  - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us the Company does not have any immovable properties in the nature of freehold land and buildings.
  - (d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventory was physically verified during the year by the management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.
  - (b) The company has been sanctioned working capital limits in excess of five crore rupee from banks on the basis of security of current assets. The monthly statements filed by the company with the bank are in agreement with the books of account of the Company subject to adjustments as disclosed in the financial statements.

- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year other than investment in Equity Shares of Rs. 82.88 Lakhs and Corporate Guarantee in respect of Joint Venture Company Kineco Exel Composites Private Limited.
  - (a) (A) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to the above are:

|   | Type of transaction       | Entity                        | Type of relationship | Aggregate Amount (in Rs. Lakhs) | Balance<br>Outstanding (in<br>Rs. Lakhs) |
|---|---------------------------|-------------------------------|----------------------|---------------------------------|--|
| Ì | Corporate Guarantee (HDFC | Kineco Exe<br>Composites Indi | -                    | 500.00                          | 500.00                                   |
|   | Bank)                     | Private Limited               | · Chare              |                                 |  |

- (B) No loans or advances and guarantees or security were provided to parties other than subsidiaries, joint ventures and associates;
- (b) The investments made and guarantees provided are not prejudicial to the Company's interest. There are no loans and advances in the nature of loans granted during the year.
- (c) There are no loans and advances in the nature of loans granted during the year.
- (d) Since there are no loans and advances in the nature of loans granted, there is no amount due.
- (e) Since there are no loans and advances in the nature of loans granted, there is no amount due.
- (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) The provisions of sections 185 and 186 of the Companies Act have been complied with in respect of investments, guarantees, and security, by the Company to the extent applicable. There are no loans and advances in the nature of loans granted during the year.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Sub-Section (1) of Section 148 of the Act in respect of its products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records with a view to determine whether these are accurate or complete.

However, we have not carried out a detailed examination of the accounts and records with a view to determine whether these are accurate or complete.

(vii) (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, sales tax, service tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) The term loans were applied for the purpose for which the loans were obtained.
  - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - (e) In our opinion and according to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
  - (f) In our opinion and according to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
  - (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - (c) As represented to us by the management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) The Company is not a Nidhi Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 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 accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
  - (b) In our opinion, the company has not conducted any Non-Banking Financial or Housing Finance activities.
  - (c) In our opinion, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
  - (d) To the best of our knowledge, the Group does not have any CIC as part of the group.
- (xvii) The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.

- On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company.

For V. B. Prabhu Verlekar & Co.

Chartered Accountants

Firm's Registration No. 108008W

V. B. Prabhu Verlekar

Proprietor

Membership No. 007963

UDIN: 22007963AJNJHV7444

Place: Panaji - Goa Date: 23-05-2022

#### 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 Kineco Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal 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 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 of the Company 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 included 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 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, to the best of our information and according to the explanations given to us, 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 March 31, 2022, based on the criteria for internal financial control over financial reporting 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 V. B. Prabhu Verlekar & Co.

Chartered Accountants

Firm's Registration No. 108008W

V. B. Prabhu Verlekar

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Proprietor

Membership No. 007963

UDIN: 22007963AJNJHV7444

Place: Panaji - Goa Date: 23-05-2022

| Pa            | rticulars  | Note No. | As at March 31, 2022<br>Rupees in lakhs | As at March 31, 202°<br>Rupees in lakhs |
|---------------|--|----------|---|---|
|               | SSETS  |          |   |   |
|               | on-current assets  |          |   |   |
|               | operty, plant and equipment  | 3        | 2,788.85                                | 3,275.30                                |
|               | pital work-in-progress   | 3        | 100.94                                  | 111.85                                  |
|               | angible assets   | 4        | 308.91                                  | 377.34                                  |
| (d) Inta      | angible assets under development   | 4        |   |   |
| (e) Rig       | ght-of-use assets  | 5        | 128.06                                  | 136.67                                  |
|               |  | ·        | 3,326.76                                | 3,901.16                                |
| (f) Oth       | ner financial assets   | 6        | 7.72                                    | 6.71                                    |
| (g) No        | n-current tax assets (net)   | 7        | 107.97                                  | 131.53                                  |
| (h) De        | ferred tax assets (net)  | 8        | -                                       | 212.80                                  |
| (i) Fin       | ancial Assets  |          |   |   |
| 12.00         | (i) Investments  | 9        | 832.95                                  | 749.88                                  |
|               | ner non-current assets   | 10       | 8.72                                    | 14.99                                   |
| -             | tal Non - Current assets   | _        | 4,284.12                                | 5,017.07                                |
| (2) C         |  |          |   |   |
| SCHOOL SCHOOL | rrent assets   | 4.4      | 4 000 00                                |   |
| 0.000         | entories   | 11       | 1,808.36                                | 1,460.31                                |
| ****          | ancial Assets  | 72       |   |   |
| 12.00         | ) Trade Receivables  | 12       | 5,411.16                                | 5,751.55                                |
|               | i) Cash and cash equivalents   | 13       | 422.71                                  | 648.78                                  |
|               | ii) Other bank balances  | 14       | 554.75                                  | 371.13                                  |
| (ir           | v) Other current financial assets  | 15       | 157.37                                  | 48.81                                   |
|               |  |          | 6,545.99                                | 6,820.27                                |
| (c) Oth       | er current assets  | 16       | 1,972.66                                | 1,900.08                                |
| Tot           | al Current assets  |          | 10,327.01                               | 10,180.66                               |
| Tot           | al Assets  |          | 14,611.13                               | 15,197.73                               |
| EQ:           | UITIES AND LIABILITIES   |          |   |   |
| (a) Eq        | uity Share capital   | 17       | 626.42                                  | 626.42                                  |
|               | ner Equity   | 18       | 1,777.01                                | 1,817.80                                |
|               | al Equity  |          | 2,403.43                                | 2,444.22                                |
| Lial          | bilities   |          |   |   |
| (1) Nor       | n-current liabilities  |          |   |   |
| (a) Fina      | ancial Liabilities   |          |   |   |
| (i) E         | Borrowings   | 19       | 4,571.47                                | 4,327.25                                |
| (ii) I        | Lease liabilities  | 20       | 59.96                                   | 69.21                                   |
|               | erred tax liabilities (net)  | 8        | 34.55                                   |   |
|               | visions  | 21       | 136.31                                  | 85.66                                   |
|               | al Non - Current liabilities   | -        | 4,802.29                                | 4,482.12                                |
| (2) Cur       | rent liabilities   |          |   |   |
|               | ancial Liabilities   |          |   |   |
|               |  | 22       | 4,473.09                                | E 660 E7                                |
|               | Forrowings   |          |   | 5,669.57                                |
|               | Lease liabilities  | 23       | 8.51                                    | 6.98                                    |
| 20.00         | Trade Payables Total outstanding dues of micro enterprises and           | 24       |   |   |
|               | small enterprises; and<br>Total outstanding dues of creditors other than |          | 23.94                                   | 27.79                                   |
|               | micro enterprises and small enterprises                                  |          | 2,564.34                                | 2,271.16                                |
| (iv)          | Other financial liabilities  | 25       | 74.63                                   | 34.57                                   |
| (b) Prov      | visions  | 26       | 10.94                                   | 10.60                                   |
|               | er current liabilities   | 27       | 249.96                                  | 250.72                                  |
| 1-1           | al Current liabilities   |          | 7,405.41                                | 8,271.39                                |
| T.,           | al liabilities   | _        |   |   |
|               | al liabilities   |          | 12,207.70                               | 12,753.51                               |
| 1018          | al Equity and Liabilities  |          | 14,611.13                               | 15,197.73                               |

See accompanying notes to the financial statements

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7963 Firm Reg. No: 108008W

1 to 52

For V. B. Prabhu Verlekar & Co

Chartered Accountants FRN. 108008W

CA. V. B. Prabhu Verlekar

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Proprietor

Membership No. 007963

For and on behalf of the Board of Directors Kineco Limited

Shekhar Sardessai Executive Vice Chairman &

Managing Director DIN No. 00016446

S R Aravindkumar Chief Financial Officer

Place: Pilerne, Goa

Manisha Naik Shirgaonkar Company Secretary M. No. A34734

Place: Panaji, Goa Date: May 23, 2022

PLOT NO. Date: May 23, 2022

|      | Particulars  | Note<br>No. | Year ended March 31,<br>2022<br>Rupees in lakhs | Year ended March 31,<br>2021<br>Rupees in lakhs |
|------|--|-------------|---|---|
|      |  |             |   |   |
| 1    | Revenue From Operations  | 28          | 14,958.55                                       | 9,677.71  |
| 11   | Other Income   | 29          | 573.14  | 565.50  |
| Ш    | Total Income (I + II)  |             | 15,531.69                                       | 10,243.21                                       |
| IV   | Expenses   |             |   |   |
| (a)  | Cost of materials consumed   | -30.        | 9,523,50  | 5,060.58  |
| (b)  | Changes in inventories of finished goods and work in progress  | 31          | (65.50)   | 738.56  |
| (c)  | Employee benefits expenses   | 32          | 1,968.96  | 1,677.19  |
| (d)  | Finance costs  | 33          | 985.64  | 1,027.18  |
| (e)  | Depreciation and amortisation expenses   | 3 & 4       | 514.14  | 499.55  |
| (f)  | Other expenses   | 34          | 2,400.92  | 1,216.84  |
|      | Total expenses (IV)  |             | 15,327.66                                       | 10,219.90                                       |
| Ā    | Profit before tax (III - IV)   |             | 204.03  | 23.31   |
| VI   | Tax expense  | 35          |   |   |
| (a)  | Current tax  |             | <u>-</u>  | -   |
| (b)  | Deferred tax   |             | 247.35  | 10.92   |
| (c)  | Tax of prior years   |             | (5.95)  | (47.35)   |
| VII  | Profit / (Loss) for the year (V - VI)  |             | (37.37)   | 59.74   |
| VIII | Other Comprehensive Income   |             |   |   |
| (a)  | Items that will not be reclassified to profit or loss  |             |   |   |
|      | <ul><li>(i) Remeasurements of defined benefit plans</li><li>(ii) Equity instruments through other comprehensive income</li></ul> |             | 3.61<br>(0.19)                                  | (27.72)<br>(0.10)                               |
| IX   | Total Comprehensive Income for the year (VII - VIII)   |             | (40.79)   | 87.56   |
| X    | Earnings / (loss) per equity share (in Rupees)   |             |   |   |
| (a)  | Basic  |             | (0.65)  | 1.40  |
| (b)  | Diluted  |             | (0.65)  | 1.40  |

See accompanying notes to the financial statements

VER

7963 Firm Reg. No:

1 to 52

In terms of our report attached.

For V. B. Prabhu Verlekar & Co

Chartered Accountants FRN. 108008W

CA. V. B. Prabhu Verlekar

Proprietor

Membership No. 007963

For and on behalf of the Board of Directors Kineco Limited

Shekhar Sardessai

Executive Vice Chairman &

Managing Director DIN No. 00016446

S.R. Arid +

Vinay Jagtap Director

DIN No. 02573058

S R Aravindkumar

Chief Financial Officer

Manisha Naik Shirgaonkar Company Secretary

M. No. A34734

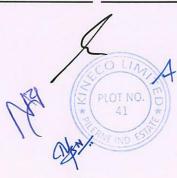
Place: Panaji, Goa Date: May 23, 2022

Place : Pilerne, Goa Date: May 23, 2022

### KINECO LIMITED 41 - PILERNE INDUSTRIAL ESTATE,PILERNE, BARDEZ - GOA - 403 511

### Standalone Cash Flow Statement for the period ended 31st March 2022

|       | Particulars  |                 | March 31, 2022  | Period ended March 31,<br>2021 |                 |
|-------|--|-----------------|-----------------|--------------------------------|-----------------|
|       | raticulais   | Rupees in lakhs | Rupees in lakhs | Rupees in lakhs                | Rupees in lakhs |
|       | Cash Flows from Operating Activities                           |                 |                 |                                | Tanilo .        |
|       | Total comprehensive income for the year                        |                 | (40.79)         |                                | 87.56           |
| Add:  |  |                 |                 |                                |                 |
| (a)   | Depreciation and amortisation expenses                         | 514.14          |                 | 499.55                         |                 |
| (b)   | Income Tax expense   | (5.95)          |                 | (47.35)                        |                 |
| (c)   | Provision for doubtful debts                                   | 1.24            |                 | 25.05                          |                 |
| (d)   | Finance costs  | 985.64          |                 | 1,027.18                       |                 |
| (e)   | Amortisation of right of use of leased assets                  | 8.61            |                 | v <del>.</del>                 |                 |
| (f)   | Deferred tax   | 247.35          |                 | 10.92                          |                 |
| (g)   | Equity instruments through OCI                                 | (0.19)          | 1,750.84        | (0.10)                         | 1,515.25        |
| Less: |  |                 |                 |                                |                 |
| (a)   | Interest Income  | 48.20           |                 | 19.76                          |                 |
| (b)   | Unrealised exchange gain / (Loss)                              | (1.98)          |                 | (5.47)                         |                 |
| (c)   | Dividend from Subsidiary                                       | -               |                 | 255.00                         |                 |
| (d)   | Gain on sale of Property Plant and Equipment                   | 190.78          |                 |                                |                 |
| (e)   | Gain on sale of Right of use assets                            | -               | (236.99)        | 184.47                         | (453.76)        |
|       | Operating Profit before working capital changes                |                 | 1,473.06        |                                | 1,149.05        |
|       | Adjustment for Increase / (Decrease) in operating Liabilities  |                 |                 |                                |                 |
| (a)   | Trade payables   | 289.33          |                 | (748.11)                       |                 |
| (b)   | Short-term provisions  | 0.34            |                 | (0.85)                         |                 |
| (c)   | Non-current tax assets   | (0.41)          |                 | (29.76)                        |                 |
| (d)   | Long-Term Provisions   | 50.65           |                 | (17.31)                        |                 |
| (e)   | Other current liabilities                                      | (0.76)          |                 | (416.87)                       |                 |
| (f)   | Lease liabilities  | 1.52            |                 | -                              |                 |
| (g)   | Other Financial liabilities                                    | 40.06           |                 |                                |                 |
|       | Adjustment for (Increase) / Decrease in operating Assets       |                 |                 |                                |                 |
| (a)   | Inventories  | (348.05)        |                 | 1,002.62                       |                 |
| (b)   | Trade receivables  | 339.15          |                 | (814.05)                       |                 |
| (c)   | Other current assets   | (72.58)         |                 | 165.33                         |                 |
| (d)   | Other current financial assets                                 | (108.56)        |                 | 9.94                           |                 |
| (e)   | Change in Equity Instruments                                   | 0.00            |                 | (0.26)                         |                 |
| (f)   | Other financial assets   | (1.02)          |                 | 8.41                           |                 |
| (g)   | Right of use assets  | _ *             |                 | 0.62                           |                 |
| (h)   | Other non-current assets                                       | 6.27            | 195.94          | (11.43)                        | (851.72)        |
|       | Cash generated from Operations                                 |                 | 1,668.99        |                                | 297.33          |
| Less: | Income tax payments / (Refunds)                                | 29.92           | 29.92           | 5.01                           | 5.01            |
|       | Net Cash generated from / (used in ) Operating Activities      |                 | 1,698.92        |                                | 302.34          |
|       | Cash Flows from Investing Activities                           |                 |                 |                                |                 |
| (a)   | Purchase of Fixed Assets                                       | (403.07)        |                 | (288.85)                       |                 |
| (b)   | Interest received  | 48.20           |                 | 19.76                          |                 |
| (c)   | Sale proceeds from sale of Leasehold rights                    | -               |                 | 202.78                         |                 |
| (d)   | Investment in Equity Shares Kineco Exel Composites India Pvt L | (82.87)         |                 |                                |                 |
| (e)   | Sale proceeds of Property, Plant and Equipment                 | 645.49          | 207.75          | -                              | (66.31)         |



### KINECO LIMITED 41 - PILERNE INDUSTRIAL ESTATE,PILERNE, BARDEZ - GOA - 403 511

### Standalone Cash Flow Statement for the period ended 31st March 2022

|     | Particulars   | Period ended March 31, 2022 |                 | Period ended March 31,<br>2021 |                 |
|-----|---|-----------------------------|-----------------|--------------------------------|-----------------|
|     |   | Rupees in lakhs             | Rupees in lakhs | Rupees in lakhs                | Rupees in lakhs |
|     | Cash Flows from Financing Activities                        |                             |                 |                                |                 |
| (a) | Repayment of Long Term Borrowing                            | 1,654.58                    |                 | 1,046.30                       |                 |
| (b) | Short Term Borrowing  | (2,616.09)                  |                 | (57.91)                        |                 |
| (c) | Dividend from subsidiary                                    | -                           |                 | 255.00                         |                 |
| (d) | Finance costs   | (985.64)                    | (1,947.15)      | (1,027.18)                     | 216.22          |
|     | Net Increase / (Decrease) in cash and cash equivalents      |                             | (40.48)         |                                | 452.25          |
|     | Effect of exchange differences on restatement of foreign    |                             | (10110)         |                                | 102.20          |
|     | currency Cash and cash equivalents                          |                             | (1.98)          |                                | (5.47)          |
| dd: | Opening balance of cash and equivalents at the beginning of | of the year                 | 1,019.92        |                                | 573.14          |
|     | Closing balance of cash & cash equivalents                  |                             | 977.45          |                                | 1,019.92        |
|     | Reconciliation of Cash and cash equivalents with the        | Balance Sheet:              |                 |                                |                 |
|     | Cash and bank balances - Refer Note 13 and 14               |                             | 977.45          | _                              | 1,019.92        |
|     | See accompanying notes to the financial results             | 1 to 52                     |                 |                                |                 |

As per our report of even date attached

AU VER

Eirin Reg. No:

108008W

anaji Goa

For V. B. Prabhu Verlekar & Co

Chartered Accountants FRN, 108008W

CA. V. B. Prabhu Verlekar

Proprietor

Membership No. 007963

For and on behalf of the Board Kineco Limited.,

Shekhar Sardessai

Executive Vice Chairman &

Managing Director

DIN No. 00016446

Vinay Jagtap Director

DIN No. 02573058

Place: Panaji - Goa Date : May 23, 2022

S R Aravindkumar

S.R.Ar

Chief Financial Officer

Place: Pilerne - Goa

PLOT NO.

Date : May 23, 2022

Manisha Naik Shirgaonkar Company Secretary

M. No. A34734

# Kineco Limited Statement of Changes in Equity for the year ended March 31, 2022

A Equity Share Capital

| in lakhs |
|----------|
| 626.42   |
| -        |
| 626.42   |
| -        |
| 626.42   |
|          |

|  | Reser                 | ves and surp        | lus                  | Other Compreh                                      |   |          |
|--|-----------------------|---------------------|----------------------|--|---|----------|
| Particulars                                | Securities<br>Premium | Capital<br>Reserves | Retained<br>earnings | Remeasurement<br>of defined benefit<br>obligations | Equity<br>instruments<br>through other<br>comprehensive<br>income | Total    |
| Balance as at April 1, 2020                | 2,479.88              | 10.07               | (739.47)             | (20.42)  | 0.18  | 1,730.25 |
| Add/ (Less)<br>Profit/ (loss) for the year |                       |                     | 59.74                |  | -   | 59.74    |
| Other comprehensive income for the year    | <u>-</u>              | = =                 |                      | 27.72  | 0.10  | 27.83    |
| Total Comprehensive Income for the year    |                       |                     | 59.74                | 27.72  | 0.10  | 87.56    |
| As at March 31, 2021                       | 2,479.88              | 10.07               | (679.73)             | 7.30   | 0.29  | 1,817.80 |
| Add/ (Less)<br>Profit/ (loss) for the year |                       | -                   | (37.37)              |  |   | (37.37   |
| Other comprehensive income for the year    | · ·                   |                     | -                    | (3.61)   | 0.19  | (3.42    |
| Total Comprehensive Income for the year    |                       | -                   | (37.37)              | (3.61)   | 0.19  | (40.79)  |

See accompanying notes to the financial statements

Membership No: 7963 Firm Beg. No: 108008W 1 to 52

10.07

2,479.88

In terms of our report attached.

For V. B. Prabhu Verlekar & Co

As at March 31, 2022

Chartered Accountants

FRN. 108008W

CA. V. B. Prabhu Verlekar

Proprietor

Membership No. 007963

For and on behalf of the Board of Directors Kineco Limited

(717.10)

Shekhar Sardessai Executive Vice Chairman & Managing Director

DIN No. 00016446

S R Aravindkumar

S. R. Api

Chief Financial Officer

Place : Pilerne, Goa Date : May 23, 2022 Manisha Naik Shirgaonkar

0.47

1,777.01

3.69

Company Secretary M. No. A34734

Vinay Jagtap

DIN No. 02573058

Director

Place : Panaji, Goa Date : May 23, 2022

Notes forming part of the financial statements as at and for the year ended March 31, 2022

#### 1 Company information

Kineco Limited (the "Company") is a public limited company incorporated on October 10, 1994 under the name and style "Mass Kinematics Private Ltd," a private limited company. On 10th January, 2001 the name of the company was changed from Mass Kinematics Private Limited to Kineco Private Limited and thereafter it has converted from Private Limited Company to a Public Company on 23rd March, 2016. Kineco Limited having its registered office and works at plot no.41 – Pilerne Industrial Estate, Pilerne, Bardez – Goa 403511 is a multi-dimensional composite producer having state-of-the-art manufacturing facilities (ISO9001-2008 & AS9100 certified) at Goa, India. Kineco Limited offers a wide spectrum of composites for Aerospace, Defence, Railways, Automotive, Motorsport, Telecommunication & Chemical Industries. Kineco has a wide range of process capabilities which include vacuum bagging/prepreg autoclave moulding, multi axis CNC filament winding, resin transfer moulding, resin infusion, pultrusion and conventional hand lay-up. In the year 2010, Kineco had formed technology partnerships, Joint Ventures and strategic alliances with major global players viz. Alte, Spain for rail car interiors/exteriors and toilet modules/systems. In the year 2012, Kineco formed joint venture with Kaman Aerospace Group (subsidiary of Kaman Corporation, USA) called "Kineco Kaman Composites India Private Limited", and is currently holding 51% stake in the Joint Venture Company to which the existing advance composite division "aerospace business" was transferred. In 2015 Indo National Limited, a listed company through its subsidiary company Helios Strategic Systems Limited acquired 51% controlling stake in Kineco Limited.

In 2015, the company entered into shareholders agreement with the promoter, Mr. Shekhar Sardessai and Helios Strategic Systems (I) Ltd, wherein it was agreed to conduct the operations of the company as a joint venture between the Promoter and Helios, and to jointly manage and grow the Company.

These financial statements are approved for issue by the Board of Directors on May 23, 2022.

The outbreak of Coronavirus disease (COVID-19) pandemic globally and in India has caused significant disturbance and slowdown of economic activity. The operations of the Company were impacted due to nationwide lockdown ordered by the Government of India from March 23, 2020. The Company resumed its operations from April 15, 2020 onwards. The management has considered the possible effects that may result from the pandemic on the Company's operations during the year, particularly in the first 15 days of the year and also subsequently thereafter, including the impact on carrying amount of receivables, inventories and the Company's ability to fulfil existing loan obligations and sourcing of materials. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets and that there would be sufficient cash flows for repayment of loans. However, the management continues to closely monitor any material changes to future economic conditions

### 2 Significant accounting policies

### a Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

### b Basis of preparation

The financial statements of the Company have been prepared on a going concern basis under historical cost convention and on an accrual method except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value as required by the relevant Ind AS. Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### c Functional and Presentation Currency

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

### d Operating Cycle

All assets and liabilities have been classified as current and non-current having regard to the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act, 2013 and Ind AS-1- "Presentation of Financial Statements".

### e Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported amounts of income and expenses for the years presented. Actual results could differ from these estimates under different assumptions and conditions.

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

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

### i) Useful lives of property, plant and equipment and intangible assets:

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation or amortisation expense in future periods.

### ii) Valuation of deferred tax assets:

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2 (n) below.



Notes forming part of the financial statements as at and for the year ended March 31, 2022

### iii) Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in the notes to the financial statements.

### iv) Provisions and Contingent Liabilities:

The policy for the same has been explained under Note 2 (I) below.

### f Property, plant and equipment

Property, plant and equipment are carried at acquisition cost (net of refundable taxes - primarily input credit relating to Central Excise, State VAT and Goods and Service Tax) less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment include purchase price, expenses incidental to making the assets ready for its intended use, attributable borrowing costs and net of any trade discounts and rebates. Subsequent expenditure on property, plant and equipment, after its purchase / completion, is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on property, plant and equipment is provided on a pro-rata basis using the straight line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

All items of property, plant and equipment costing less than Rs. 5,000 each are fully depreciated in the year of acquisition.

### Capital work in progress

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

### g Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Computer software licenses are amortised over their estimated useful life on a straight line basis.

### h Impairment of property, plant and equipment and intangible assets

The carrying value of property, plant and equipment and intangible assets is reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### i Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a Lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception comprises of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, adopts either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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### Notes forming part of the financial statements as at and for the year ended March 31, 2022

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### i Inventories

Inventories are valued at the lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale including octroi and other levies, transit insurance and receiving charges. Finished goods and work in progress include apportionment of overheads. Net realisable value is the estimated selling price less estimated costs for completion and sale.

#### k Statement of cash flows

Statement of cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### Cash and cash equivalents:

Cash and bank balances, which have original maturities up to three months, are included in the Company's cash balances in the Statement of cash flows. The Company did not have any cash equivalents as at March 31, 2022 and March 31, 2021.

### I Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

Provisions for the expected cost of warranty obligations under the terms of contract with the customers are recognised at the managements best estimate of the expenditure required to settle the warranty obligation.

A contingent liability is disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed when an inflow of economic benefits is probable.

### m Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a product or service to a customer. Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods and services to its customers.

The Company recognises unearned revenue (i.e. contract liabilities) for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Balance Sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises as unbilled revenue (i.e. contract assets) in its Balance Sheet, depending on whether something other than the passage of time is required before the consideration is due. The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

Tax expenses for the year, comprising of current tax and deferred tax, are included in the determination of net profit or loss for the period.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing tax laws and includes any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax is provided / recognised using the balance sheet method, on all deductible temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credit and unused tax losses. Deferred tax assets and liabilities are measured using tax rates that are substantively enacted at the balance sheet date. At each balance sheet date the Company evaluates the carrying amount of deferred tax assets and reduces the value of such deferred tax assets to the extent it is no longer probable that sufficient taxable profit will be available to allow all or a part of deferred tax asset to be utilised/ recovered.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing tax laws and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes forming part of the financial statements as at and for the year ended March 31, 2022

### o Foreign currency transactions and translations

Transactions in currencies other than the functional currency are translated into functional currency at the exchange rates prevailing on the date of the transaction or at rates that closely approximates the rate at the date of the transaction. Monetary items denominated in other currencies outstanding at the reporting date are translated into functional currency at the year end rates. Non-monetary items denominated in other currencies and that are measured in terms of historical cost are translated at the exchange rates prevailing on the dates on which such values are determined. Exchange differences arising on restatement or settlement of foreign currency transactions is charged to the Statement of Profit and Loss.

### p Borrowings and borrowing costs

The Company borrows funds in Indian Rupees. These borrowings carry a fixed rate or floating rate of interest. The liabilities are initially measured at the amount borrowed and subsequently stated at the outstanding amounts. Interest accrued but not due which is in the nature of current liability is classified as part of 'Other current financial liabilities'. Amount outstanding in respect of foreign currency borrowings are stated at the exchange rate at the Balance Sheet date.

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

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

Borrowing costs include interest expense as per Effective Interest Rate (EIR). The borrowing costs in respect of foreign currency borrowings are adjusted for exchange differences, to the extent they are regarded as an adjustment to the interest cost.

#### g Earning per share

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares in issue during the year.

The weighted average number of ordinary shares in issue during the year are adjusted for events that have changed the number of ordinary shares in issue without a corresponding change in recoveries.

### r Employee benefits

### i) Short term

Short term employee benefits include salaries, allowances and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees are recognised as an expense in the Statement of Profit and Loss during the year when the employees render the service to the Company.

### ii) Long term

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

### Defined contribution plans

The Company's contribution to provident fund and family pension fund made to regulatory authorities and where the Company has no further obligation are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss as they fall due based on the amount of contribution required to be made.

### Defined benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries (using the projected unit credit method) in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains/losses are recognised, in full in the other comprehensive income in the year in which they arise.

### Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

### s Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value through Profit or Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at Fair Value through Profit or Loss are recognised immediately in the Statement of Profit and Loss.

(F)

Notes forming part of the financial statements as at and for the year ended March 31, 2022

#### i) Financial assets

### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

### Financial assets as fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has elected to present subsequent changes in fair value in other comprehensive income in case of investments based on its business model.

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Statement of Profit or Loss.

#### Investment in subsidiaries, associates & joint ventures

Investment in subsidiaries, associates & joint ventures is carried at cost in the separate financial statements.

### Impairment of financial assets

The Company recognises loss allowance using the Expected Credit Loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to 12 months expected credit losses or lifetime Expected Credit Loss. The Company had used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration historical credit loss experience and adjusted for forward looking information. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

### Derecognition of financial assets

The Company derecognises an financial asset when (i) the contractual rights to receive cash flows from the asset expire, or (ii) 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 (a) the Company has transferred substantially all the risks and rewards of ownership 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. On derecognition of the financial asset in its entirety, the difference between the assets carrying amount measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

### ii) Financial liabilities and equity instruments

### Classification as debt or equity

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

### **Equity instruments**

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

### **Financial Liabilities**

All financial liabilities that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortised cost using the effective interest method. The interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender or debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is current enforceable legal right to offset the recognised amounts and it is intended to either settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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### Notes forming part of the financial statements as at and for the year ended March 31, 2022

#### iii) Derivative financial instruments

The Company enters into derivative financial instruments in the nature of forward exchange contracts to manage its exposure to foreign exchange rate risks on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are marked to market and gain/ loss on such contracts is recognised in the Statement of Profit and Loss at the end of each reporting period. The derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

### t Government grants

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

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the Statement of Profit and Loss in the same period as the related cost which they are intended to compensate are accounted for.

#### u Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

### Ind AS 103 - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 16 - Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

### Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 109 - Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

### Ind AS 106 - Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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Notes forming part of the financial statements as at and for the year ended March 31, 2022

3 Property, plant and equipment and capital work-in-progress

|                      | 31, 2022        | March 31,<br>2021 |
|----------------------|-----------------|-------------------|
|                      | Rupees in lakhs | Rupees in lakhs   |
| Carrying amounts of: |                 |                   |
| Buildings            | 1,706.33        | 1,710.81          |
| Plant and equipment  | 407.24          | 049 97            |

Electrical Fittings 59.71 65.44 Furniture and fixture 61.76 68.40 Vehicles 34.38 22.97 Office equipment 27.26 37.78 Computers 42.26 28.39 Laboratory Equipment 3.36 2.05 Composites, Tooling, Patterns & Dies 356.48 390.60 2,788.85 3,275.30

Capital work-in-progress\* 100.94 111.85 2,889.78 3,387.15

|                          |           |                     |                        |                       |          |                     |           |                         | Rupe                                      | es in lakhs |
|--------------------------|-----------|---------------------|------------------------|-----------------------|----------|---------------------|-----------|-------------------------|---|-------------|
| Particulars              | Buildings | Plant and equipment | Electrical<br>Fittings | Furniture and fixture | Vehicles | Office<br>equipment | Computers | Laboratory<br>Equipment | Composites<br>Tooling,<br>Patterns & Dies | Total       |
| Gross carrying amount    |           |                     |                        |                       |          |                     |           |                         |   |             |
| As at March 31, 2020     | 1,939.76  | 1,725.57            | 113.85                 | 104.94                | 55.29    | 110.00              | 106.44    | 6.22                    | 1,153.29                                  | 5,315.34    |
| Additions                | 72.14     | 11.47               | 4.06                   | 3.18                  | -        | 4.05                | 18.83     | 0.67                    | 113.95                                    | 228.34      |
| Disposal                 | 13.48     | -                   | Ē,                     | -                     | -        | -                   | 0.52      |                         | -   | 14.00       |
| As at March 31, 2021     | 1,998.42  | 1,737.04            | 117.92                 | 108.12                | 55.29    | 114.05              | 124.75    | 6.89                    | 1,267.23                                  | 5,529.69    |
| Additions                | 58.20     | 76.23               | 2.60                   | 2.45                  | 27.40    | 5.87                | 27.94     | 2.38                    | 209.97                                    | 413.04      |
| Disposal                 | -         | 605.04              | -                      | = -                   | -        | -                   | -         | -                       | -   | 605.04      |
| As at March 31, 2022     | 2,056.61  | 1,208.22            | 120.52                 | 110.57                | 82.69    | 119.91              | 152.69    | 9.27                    | 1,477.20                                  | 5,337.68    |
| Accumulated depreciation |           |                     |                        |                       |          |                     |           |                         |   |             |
| As at March 31, 2020     | 228.48    | 692.34              | 44.33                  | 30.90                 | 25.61    | 59.53               | 76.51     | 3.66                    | 669.85                                    | 1,831.23    |
| Depreciation expenses    | 60.30     | 95.84               | 8.15                   | 8.81                  | 6.70     | 16.73               | 19.96     | 1.18                    | 206.79                                    | 424.45      |
| Elimination on disposal  | 1.18      | - 75                | 2                      | -                     | 2        |                     | 0.12      |                         |   | 1:29        |
| As at March 31, 2021     | 287.60    | 788.18              | 52.48                  | 39.72                 | 32.31    | 76.27               | 96.36     | 4.84                    | 876.63                                    | 2,254.39    |
| Depreciation expenses    | 62.68     | 73.07               | 8.33                   | 9.09                  | 16.00    | 16.38               | 14.07     | 1.08                    | 244.08                                    | 444.79      |
| Elimination on disposal  | -         | 150.33              | -                      |                       |          |                     | -         |                         | -   | 150.33      |
| As at March 31, 2022     | 350.29    | 710.91              | -60.81                 | 48.80                 | 48.31    | 92.65               | 110.43    | 5.91                    | 1,120.72                                  | 2,548.84    |
| Net carrying amount      |           |                     |                        |                       |          |                     |           |                         |   |             |
| As at March 31, 2020     | 1,711.28  | 1,033.24            | 69.52                  | 74.02                 | 29.66    | 50.47               | 29.92     | 2.56                    | 483.43                                    | 3,484.12    |
| As at March 31, 2021     | 1,710.81  | 948.87              | 65.44                  | 68.40                 | 22.97    | 37.78               | 28.39     | 2.05                    | 390.60                                    | 3,275.30    |
|                          |           |                     |                        |                       |          |                     |           |                         |   |             |

61.76

34.38

27.26

42.26

As at March

As at

| * Capital Work-in-progress  | ageing  | schedule |
|-----------------------------|---------|----------|
| - aprical from the progress | -3-11.3 |          |

As at March 31, 2022

| Particulars       |                      | ch 31, 2022<br>in Lakhs              | As at March 31, 202<br>Rupees in Lakhs |                                      |  |
|-------------------|----------------------|--------------------------------------|--|--------------------------------------|--|
|                   | Projects in progress | Projects<br>temporarily<br>suspended | Projects in progress                   | Projects<br>temporarily<br>suspended |  |
| Less than 1 year  | 100.94               | -                                    | 111.85                                 | -                                    |  |
| 1-2 years         | -                    | -                                    | / <del>-</del>                         | -                                    |  |
| 2-3 years         | -                    | -                                    | 1. <del>-</del> .                      | -                                    |  |
| More than 3 years | -                    | -                                    |  | -                                    |  |
| Total             | 100.94               | -                                    | 111.85                                 | -                                    |  |

1,706.33

497.31

59.71



3.36

356.48

2,788.85

# Kineco Limited Notes forming part of the financial statements as at and for the year ended March 31, 2022

| 1 | Other intangible assets   |                                |   |                                     |   |                  |                      |                      |
|---|---|--------------------------------|---|-------------------------------------|---|------------------|----------------------|----------------------|
|   |   |                                | As at<br>March 31,<br>2022<br>Rupees in | March 31,<br>2021                   |   |                  |                      |                      |
|   |   |                                | lakhs                                   | Rupees in<br>lakhs                  |   |                  |                      |                      |
|   | Carrying amounts of:<br>Filament Winding Project<br>Sky Bus Coaches Project | *                              | 3.95<br>31.08                           | 6.90<br>40.40                       |   |                  |                      |                      |
|   | Optical Telescopic Structures   |                                | 129.90                                  | 144.33                              |   |                  |                      |                      |
|   | Sonar Dome for R&DEE and B  | EL for Ships                   | 9.95                                    | 19.89                               |   |                  |                      |                      |
|   | TOT for R&DEE   |                                | 113.63                                  | 129.87                              |   |                  |                      |                      |
|   |   |                                | 308.92                                  | 377.34                              |   |                  |                      |                      |
|   | Intangible assets under develop   | oment                          | (12)<br>(12)                            | =                                   |   |                  |                      |                      |
|   |   |                                | 308.92                                  | 377.34                              |   |                  |                      |                      |
|   | Particulars   | Filament<br>Winding<br>Project | Sky Bus<br>Coaches<br>Project           | Optical<br>Telescopic<br>Structures | Sonar Dome<br>for R&DEE<br>and BEL for<br>Ships | TOT for<br>R&DEE | Computer<br>Software | es in lakhs<br>Total |
|   | Gross carrying amount   |                                |   |                                     |   |                  |                      |                      |
|   | As at March 31, 2020  | 59.10                          | 186.47                                  | 288.67                              | 99.46   | 156.10           | 83.24                | 873.04               |
|   | Additions   | -                              | -                                       | -                                   | -   | 5.00             | 12.84                | 17.84                |
|   | Disposal  | -                              | -                                       | -                                   | . <del>-</del>                                  | -                | =                    | -                    |
|   | As at March 31, 2021  | 59.10                          | 186.47                                  | 288.67                              | 99.46   | 161.10           | 96.08                | 890.88               |
|   | Additions   | •                              | -                                       | <b></b>                             | -   | -                | 0.93                 | 0.93                 |
|   | Disposal  | -                              | = =                                     | -                                   | -   | <b>∓</b> )       | -                    | -                    |
|   | As at March 31, 2022  | 59.10                          | 186.47                                  | 288.67                              | 99.46   | 161.10           | 97.01                | 891.81               |
|   | Accumulated depreciation  |                                |   |                                     |   |                  |                      |                      |
|   | As at March 31, 2020  | 49.24                          | 136.74                                  | 129.91                              | 69.62   | 15.00            | 37.82                | 438.33               |
|   | Depreciation expenses   | 2.95                           | 9.32                                    | 14.44                               | 9.95  | 16.23            | 22.33                | 75.22                |
|   | Elimination on disposal   | -                              |   | =0                                  | -   | -                | -                    | -                    |
|   | As at March 31, 2021  | 52.19                          | 146.07                                  | 144.34                              | 79.57   | 31.23            | 60.14                | 513.55               |
|   | Depreciation expenses   | 2.95                           | 9.32                                    | 14.44                               | 9.95  | 16.23            | 16.46                | 69.35                |
|   | Elimination on disposal   | =                              | -                                       | -                                   | 3   | 100 m            | 3                    | -                    |
|   | As at March 31, 2022  | 55.15                          | 155.39                                  | 158.78                              | 89.51   | 47.47            | 76.60                | 582.90               |
|   | Net carrying amount   |                                |   |                                     |   |                  |                      |                      |
|   | As at March 31, 2020  | 9.86                           | 49.72                                   | 158.77                              | 29.84   | 141.10           | 45.42                | 434.71               |
|   | As at March 31, 2021  | 6.90                           | 40.40                                   | 144.33                              | 19.89   | 129.87           | 35.94                | 377.34               |
|   | As at March 31, 2022  | 3:95                           | 31.08                                   | 129.90                              | 9.95  | 113:63           | 20.41                | 308.91               |
|   |   |                                |   |                                     |   |                  |                      |                      |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars  |        | As at March 31,<br>2022 | As at March 31,<br>2021 |
|--|--------|-------------------------|-------------------------|
|  |        | Rupees in lakhs         | Rupees in lakhs         |
| 5 Right-of-use assets  |        |                         |                         |
| Right-of-use assets - Land (Refer Note No. 40)   |        | 128.06                  | 136.67                  |
|  | Total  | 128.06                  | 136.67                  |
| 6 Other financial assets   |        |                         |                         |
| Security deposits  |        | 7.72                    | 6.71                    |
|  | Total  | 7.72                    | 6.71                    |
| 7 Non-current tax assets (net)   |        |                         |                         |
| Income tax payments less liabilities   |        | 107.97                  | 131.53                  |
|  | Total  | 107.97                  | 131.53                  |
| 8 Deferred tax assets (Net)  |        |                         |                         |
| Deferred tax liabilities:  |        |                         |                         |
| Depreciation allowance   | _      | 236.05                  | 212.36                  |
|  | -      | 236.05                  | 212.36                  |
| Deferred tax assets:   |        | *                       |                         |
| Provision for employee benefits Amount inadmissible u/s 40(a)(ia)  |        | 47.94                   | 44.07<br>7.09           |
| Unabsorbed depreciation and business losses  |        | 153.56                  | 374.00                  |
|  | -      | 201.50                  | 425.16                  |
| Net deferred tax asset / (liability)   |        | (34.55)                 | 212.80                  |
| 9 Non Current Investment   |        |                         |                         |
| a. Quoted - Investment carried at fair value through other comprehensive   | income |                         |                         |
| Equity Instruments   |        |                         |                         |
| 500 Equity Shares of Bank of Baroda of Rs. 2/- fully paid up (as at 31 March 2021, 500 Equity shares of Rs.2/- each) |        | 0.56.                   | .0.37                   |
| b. Unquoted -Investment carried at cost  |        |                         |                         |
| i) Investments in Equity Instruments of Subsidiaries   |        |                         |                         |
| 16,21,787 Equity Shares of Rs.10/- fully paid up of<br>Kineco Alte Train Technologies Private Limited                |        | 162.18                  | 162.18                  |
| (as at 31 March 2021, 16,21,787 Equity shares of Rs. 10/- each)  |        | 102.10                  | 102.10                  |
| 58,73,350 Equity Shares of Rs.10/- fully paid up of  |        |                         |                         |
| Kineco Kaman Composites - India Private Limited (as at 31 March 2021 58,73,350 Equity shares of Rs. 10/- each)       |        | 587.34                  | 587.34                  |
| ii) Investments in Equity Instruments of Joint Venture   |        |                         |                         |
| 82,870 Equity Shares of Rs.100/- fully paid up of<br>Kineco Exel Composites India Private Limited                    |        | 82.87                   |                         |
| (as at 31 March 2021 NIL)  |        | 02.07                   |                         |
|  | Total  | 832.95                  | 749.88                  |
|  | TOTAL  | 002.80                  | 140.00                  |



## Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars  | As at March 31,<br>2022 | As at March 31,<br>2021 |
|--|-------------------------|-------------------------|
|  | Rupees in lakhs         | Rupees in lakhs         |
| Other non-current assets (Unsecured, considered good, unless otherwise stated)                                   |                         |                         |
| Capital advances   | <u>-</u>                | 5.71                    |
| Prepaid expenses   | 8.72                    | 9.28                    |
| Total  | 8.72                    | 14.99                   |
| Inventories (At the lower of cost and net realisable value)  |                         |                         |
| Raw materials (Including Goods-in-transit of Rs 76.02 lakhs (as at March 31, 2021 Rs 22.79 lakhs)                | 1,233.36                | 964.47                  |
| Work in progress   | 483.88                  | 418.38                  |
| Consumables, stores and spares (Including Goods-in-transit of Rs 0.36 lakhs (as at March 31, 2021 Rs 2.24 lakhs) | 91.12                   | 77.46                   |
| Total  | 1,808.36                | 1,460.31                |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars   | As at March 31, 2022 | As at March<br>31, 2021 |  |
|---|----------------------|-------------------------|--|
|   | Rupees in<br>Lakhs   | Rupees in<br>Lakhs      |  |
|   |                      |                         |  |
| ? Trade receivables   |                      |                         |  |
| Trade receivables - unsecured   | - 2 22 22            |                         |  |
| (i) Considered good   | 5,411.16             | 5,751.55                |  |
| (ii) Significant increase in credit risk  | 26.29                | 25.05                   |  |
|   | 5,437.45             | 5,776.60                |  |
| Less: Allowance for bad and doubtful debts (expected credit loss allowance)*                  | (26.29)              | (25.05)                 |  |
| Total   | 5,411.16             | 5,751.55                |  |
| * Movement in the allowance for bad and<br>doubtful debts (expected credit loss<br>allowance) |                      |                         |  |
| Balance at March 31, 2020   |                      | 17.64                   |  |
| Add: Created during the year  |                      | 25.05                   |  |
| Less: Released during the year  |                      | (17.64)                 |  |
| Balance at March 31, 2021   |                      | 25.05                   |  |
| Add: Created during the year  |                      | 1.24                    |  |
| Less: Released during the year  |                      |                         |  |
| Balance at March 31, 2022   |                      | 26.29                   |  |

### Trade Receivables Ageing

| As at March 31, 2022 (F                            |          |                          |        |              |           |                         |          |  |
|--|----------|--------------------------|--------|--------------|-----------|-------------------------|----------|--|
| Particulars  | 6        | Less than<br>6<br>months | s year | 1-2<br>years | 2-3 years | More<br>than 3<br>years | Total    |  |
| (i) Undisputed Trade receivables – considered good | 3,912.87 | 1,226.62                 | 26.66  | 9            | 17.64     |                         | 5,183.80 |  |
| (vi) Disputed Trade Receivables – credit impaired  | =        | -                        |        | 22.17        | 162.98    | 68.50                   | 253.65   |  |
| Total  | 3,912.87 | 1,226.62                 | 26.66  | 22.17        | 180.63    | 68.50                   | 5,437.45 |  |

|  | 6        |                          | year  |              | As at March 31, 2021 (Rs in Lakhs) |                         |          |
|--|----------|--------------------------|-------|--------------|------------------------------------|-------------------------|----------|
| Particulars  |          | Less than<br>6<br>months |       | 1-2<br>years | 2-3 years                          | More<br>than 3<br>years | Total    |
| (i) Undisputed Trade receivables – considered good | 4,408.27 | 1,067.94                 | 26.46 |              |                                    |                         | 5,502.67 |
| (vi) Disputed Trade Receivables – credit impaired  |          |                          |       | 233.08       | 40.85                              |                         | 273.93   |
| Total  | 4,408.27 | 1,067.94                 | 26.46 | 233.08       | 40.85                              | _                       | 5,776.60 |

PIZ NO. 100 A

## Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particul   | lars   |             | As at March 31,<br>2022<br>Rupees in lakhs | As at March 31,<br>2021<br>Rupees in lakhs |
|------------|--|-------------|--|--|
|            | nd cash equivalents<br>on hand   |             | 0.11                                       | 0.27                                       |
| Ralar      | nces with banks  |             |  |  |
|            | current accounts   |             | 422.59                                     | 648.51                                     |
|            |  | Total       | 422.71                                     | 648.78                                     |
| Mar        | ank balances<br>gin money deposit (represents amounts pledged with banks a<br>guarantees issued and letters of credit) | as security | 554.75                                     | 371.13                                     |
|            |  | Total       | 554.75                                     | 371.13                                     |
|            | urrent financial assets red considered good unless otherwise stated)   | =           |  |  |
| Interest a | accrued on bank deposits   |             | 2.73                                       | 3.39                                       |
| Earnest    | Money Deposits   |             | 154.64                                     | 45.42                                      |
|            |  | Total       | 157.37                                     | 48.81                                      |
|            | urrent assets red considered good unless otherwise stated)   |             |  |  |
| Advance    | s to employees   |             | 1.26                                       | 2.83                                       |
| Prepaid 6  | expenses   |             | 63.10                                      | 63.47                                      |
| Advance    | s to Suppliers   |             | 384.74                                     | 109.47                                     |
| GST Rec    | with government authorities coverable (Input Tax Credit) coverable on Export S Recoverable                             |             | 1,378.93<br>70.30<br>60.96<br>13.38        | 1,594.23<br>44.19<br>72.41<br>13.48        |
|            |  | Total_      | 1,972.66                                   | 1,900.08                                   |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

|    | Particulars  | As at March<br>31, 2022<br>Rupees in<br>lakhs | As at March 31,<br>2021<br>Rupees in<br>lakhs |
|----|--|---|---|
| 17 | Equity Share capital   |   |   |
|    | Authorised   |   |   |
|    | 8,000,000 (as at March 31, 2021 8,000,000) equity shares of Rs.10 each                                   | 800.00  | 800.00  |
|    | 12,50,000 (as at March 31, 2021 12,50,000)<br>Cumulative Redeemable Preference Shares of<br>Rs. 100 each | 1,250.00                                      | 1,250.00                                      |
|    |  | 2,050.00                                      | 2,050.00                                      |
|    | Issued, subscribed and fully paid up   |   |   |
|    | 6,264,183 (as at March 31, 2021 6,264,183)<br>Equity shares of Rs.10 each                                | 626.42  | 626.42  |
|    | Total _  | 626.42  | 626.42  |

### Footnotes:

### a. Reconciliation of equity shares and amounts outstanding:

| Particulars                  | March 31              | , 2022         | March 31, 2021      |                    |  |
|------------------------------|-----------------------|----------------|---------------------|--------------------|--|
|                              | Number of R<br>Shares | upees in lakhs | Number of<br>Shares | Rupees in<br>lakhs |  |
| At the beginning of the year | 62,64,183             | 626.42         | 62,64,183           | 626.42             |  |
| Add: Issued during the year  |                       |                | <b>→</b> ×          | -                  |  |
| At the end of the year       | 62,64,183             | 626.42         | 62,64,183           | 626.42             |  |

### b. Shareholding of Promoters:

| Particulars                  | March 3             | 1, 2022   |          | March 31, 2021      |             |        |  |  |
|------------------------------|---------------------|-----------|----------|---------------------|-------------|--------|--|--|
|                              | Number of<br>Shares | % holding | % change | Number of<br>Shares | % holding % | change |  |  |
| Shekhar Sardessai            | 25,58,605           | 41%       | _        | 25,58,605           | 41%         | _      |  |  |
| Helios Strategic Systems Ltd | 31,94,153           | 51%       |          | 31,94,153           | 51%         |        |  |  |

### c. Rights, preferences and restrictions attached to equity shares:

The Company has 62,64,183 issued, Subscribed & Paid up equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after settlement of all preferential amounts. The distribution will be in proportion to equity shares held by the shareholders. The Dividend proposed by Board of Directors is subject to approval of shareholders at the ensuing Annual General Meeting except in case of interim dividend.

### d. Details of shareholders holding more than 5% shares

| Particulars                  | March 3          | 1, 2022   | March 31, 2021      |           |  |
|------------------------------|------------------|-----------|---------------------|-----------|--|
|                              | Number of Shares | % holding | Number of<br>Shares | % holding |  |
| Shekhar Sardessai            | 25,58,605        | 41%       | 25,58,605           | 41%       |  |
| Helios Strategic Systems Ltd | 31,94,153        | 51%       | 31,94,153           | 51%       |  |

In 2015, the company entered into shareholders agreement with the promoter, Mr. Shekhar Sardessai and Helios Strategic Systems Ltd, wherein it was agreed to conduct the operations of the company as a joint venture between the Promoter and Helios, and to jointly manage and grow the Company.

### e. Preference Shares

The Company had issued 8,00,000 1% Cumulative Optionally Convertible Preference Shares of Rs. 100/- each in financial year 2017 - 2018. The terms of contract require contractual payments in cash at the time of redemption at premium and 1% dividend on cumulative basis. The management is of the view that the equity component of these preference shares is 'NIL' since the returns to be paid on these instruments are equivalent to the prevalent rate on borrowings and hence the entire amount is considered under non current borrowings as liability component.

13

## Notes forming part of the financial statements as at and for the year ended March 31, 2022

| 8 Other Equity                             |                       |                     |                   |  | Rup  | ees in lakhs |
|--|-----------------------|---------------------|-------------------|--|--|--------------|
|  | Rese                  | erves and surp      | olus              | Other Compreh                                |  |              |
| Particulars                                | Securities<br>Premium | Capital<br>Reserves | Retained earnings | Remeasurement of defined benefit obligations | Equity instruments<br>through other<br>comprehensive<br>income | Total        |
| Balance as at April 1, 2020                | 2,479.88              | 10.07               | (739.47)          | (20.42)                                      | 0.18   | 1,730.25     |
| Add/ (Less) Profit/ (loss) for the year    |                       | _                   | 59.74             | -  |  | 59.74        |
| Other comprehensive income for the year    |                       | -                   | -                 | 27.72  | 0.10   | 27.83        |
| Total Comprehensive Income for the year    |                       | -                   | 59.74             | 27.72  | 0.10   | 87.56        |
| As at March 31, 2021                       | 2,479.88              | 10:07               | (679.73)          | 7.30   | 0.29   | 1,817.80     |
| Add/ (Less)<br>Profit/ (loss) for the year | e -                   | -                   | (37.37)           | *  | •  | (37.37)      |
| Other comprehensive income for the year    | <del>-</del> 1        |                     | -                 | (3.61)                                       | 0.19   | (3.42)       |
| Total Comprehensive Income for the year    | -                     | -                   | (37.37)           | (3.61)                                       | 0.19   | (40.79)      |
| As at March 31, 2022                       | 2,479.88              | 10.07               | (717.10)          | 3.69   | 0.47   | 1,777.01     |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars  |       | As at March 31,<br>2022<br>Rupees in<br>lakhs | As at March<br>31, 2021<br>Rupees in<br>lakhs |
|--|-------|---|---|
| 9 Non - current borrowings   |       |   |   |
| Working Capital Term Loan (Secured)                                    |       |   |   |
| From Banks (see footnote a below)                                      |       | 2,180.89                                      | 1,632.67                                      |
| Liability Component of Preference Shares (see footnotes b, c, d below) |       | 1,240.58                                      | 1,144.58                                      |
| Term Loans from others (unsecured) (see footnotes e below)             |       | 340.00  | 340.00  |
| Loans and advances from related party (Unsecured)                      |       |   |   |
| From Helios (see footnotes e below)                                    |       | 735.00  | 1,135.00                                      |
| From Mr Shekhar Sardesai (see footnotes e below)                       |       | 75.00   | 75.00   |
|  | Total | 4,571.47                                      | 4,327.25                                      |

### Footnotes:

a. Working Capital Term Loans from Banks are Secured by hypothecation of stocks of Raw Material, Stock in Process, Finished goods, Consumables and book-debts and all other current assets. Secured by mortgage of land and building and movable assets at plot no. 34, 35, 36, 41, 42, 43 and 61A. Extension of charge over remaining fixed assets. Also secured by personal guarantee of Shekhar Sardessai and Ultimate Holding Company, Indo National Limited.

b. Reconciliation of preference shares and amounts outstanding:

| Particulars                  | March 3          | March 31, 2022  |                     |                 |  |
|------------------------------|------------------|-----------------|---------------------|-----------------|--|
|                              | Number of Shares | Rupees in lakhs | Number of<br>Shares | Rupees in lakhs |  |
| At the beginning of the year | 8,00,000         | 800.00          | 8,00,000            | 800.00          |  |
| Add: Issued during the year  |                  |                 | - 2                 | -:              |  |
| At the end of the year       | 8,00,000         | 800.00          | 8,00,000            | 800.00          |  |

c. Rights, preferences and restrictions attached to shares:

The Company had issued 8,00,000 1% Cumulative Optionally Convertible Preference Shares of Rs. 100/- each at par for the financial year 2017 - 2018. The terms of contract require contractual payments in cash at the time of redemption at premium and 1% dividend on cumulative basis. The shares are cumulative, non-participating and optionally convertible with the conversion option being triggered if and upon the Company defaulting on redemption of the shares.

d. Details of shareholders holding more than 5% shares

| Particulars                  | March 3             | March 31, 2021 |                     |           |
|------------------------------|---------------------|----------------|---------------------|-----------|
|                              | Number of<br>Shares | % holding      | Number of<br>Shares | % holding |
| Helios Strategic Systems Ltd | 8,00,000            | 100%           | 8,00,000            | 100%      |

e. Unsecured loan have been classified under non current borrowing based on renewal terms entered into with the lenders.

PLOT NO. 41

### Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars  |         | As at March 31,<br>2022<br>Rupees in<br>lakhs | As at March<br>31, 2021<br>Rupees in<br>lakhs |
|--|---------|---|---|
| 20 Non Current Lease Liabilities                             |         |   |   |
| Lease liabilities (see note no 40)                           |         | 59.96   | 69.21   |
|  | Total _ | 59.96   | 69.21   |
| 21 Non - Current Provisions                                  |         |   |   |
| Provision for employee benefits                              |         |   |   |
| Provision for compensated absences benefits (see note no 41) |         | 104.79  | 76.53   |
| Gratuity (see note no 41)                                    |         | 31.52   | 9.13  |
|  | Total   | 136.31  | 85.66   |
| 22 Current borrowings  |         |   |   |
| Loans repayable on demand                                    |         |   |   |
| From a bank (Secured)  |         |   |   |
| Cash credit (See footnote below)                             |         | 3,590.55                                      | 4,114.88                                      |
| Current maturities of long-term debt                         |         |   |   |
| Term loans from bank (Secured) (See footnote a of note 19)   |         | 882.54  | 1,554.69                                      |
|  | Total   | 4,473.09                                      | 5,669.57                                      |

Footnotes:
Secured by hypothecation of stocks of Raw Material, Stock in Process, Finished goods, Consumables and book-debts and all other current assets. Secured by mortgage of land and building and movable assets at plot no. 34, 35, 36, 41, 42, 43 and 61A. Extension of charge over remaining fixed assets. Also secured by personal guarantee of Shekhar Sardessai and Ultimate Holding Company, Indo National Limited.

### 23 Lease Liabilities

Lease liabilities (see note no 40)

8.51 6.98 8.51 6.98

| Particulars  | As at March | As at March |
|--|-------------|-------------|
|  | 31, 2022    | 31, 2021    |
|  | Rupees in   | Rupees in   |
|  | lakhs       | lakhs       |
| Trade payables   |             |             |
| Total outstanding dues of micro enterprises and small enterprises                      | 23.94       | 27.79       |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,564.34    | 2,271.16    |
| Total  | 2,588.27    | 2,298.95    |

| Δ | Trade | Pav  | ables | Ageing   |  |
|---|-------|------|-------|----------|--|
|   |       | . ~, | anioo | rigeinig |  |

| Particulars |         |                     | As at March | 31, 2022  |                   |          |  |
|-------------|---------|---------------------|-------------|-----------|-------------------|----------|--|
|             |         | Rupees in lakhs     |             |           |                   |          |  |
|             | Not due | Less than 1<br>year | 1-2 years   | 2-3 years | More than 3 years | Total    |  |
| (i) MSME    | 23      | 3.94                |             |           |                   | 23.94    |  |
| (ii) Others | 383     | 3.35 2,180.99       |             |           |                   | 2,564.34 |  |

| Particulars |         |                     | As at March | 31, 2021  |                   |          |  |
|-------------|---------|---------------------|-------------|-----------|-------------------|----------|--|
|             |         | Rupees in lakhs     |             |           |                   |          |  |
|             | Not due | Less than 1<br>year | 1-2 years   | 2-3 years | More than 3 years | Total    |  |
| (i) MSME    | 27.79   |                     |             |           |                   | 27.79    |  |
| (ii) Others | 453.33  | 1,817.83            |             |           |                   | 2,271.16 |  |

**B** The details relating to Micro, Small and Medium Enterprises in terms of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows and have been made on the basis of confirmations received from suppliers regarding their status under the said act;

| Particulars  | As at March 31, 2022 | As at March<br>31, 2021 |
|--|----------------------|-------------------------|
|  | Rupees in lakhs      | Rupees in lakhs         |
| Outstanding principal Amount and Interest as on March 31, 2022   |                      |                         |
| - Principal amount   | 23.80                | 27.65                   |
| - Interest due thereon   | -                    |                         |
| Amount of interest paid along with the amounts of payment made beyond the appointed day  | -                    | -                       |
| Amount of interest due and payable (where the principal has already been paid but interest has not been paid)  | 0.13                 | 0.13                    |
| The amount of interest accrued and remaining unpaid at the end of each accounting year.  | 0.13                 | 0.13                    |
| The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act |                      |                         |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

| Particulars   |         | As at March 31,<br>2022<br>Rupees in<br>lakhs | As at March<br>31, 2021<br>Rupees in<br>lakhs |
|---|---------|---|---|
| 25 Other financial liabilities  |         |   |   |
| Interest accrued but not due on borrowings  |         | 74.63   | 34.07   |
| Payables on purchase of fixed assets  |         |   | 0.50  |
|   | Total   | 74.63   | 34.57   |
| 26 Current Provisions   |         |   |   |
| Provision for employee benefits Compensated absences  |         | 10.94   | 10.60   |
|   | Total = | 10.94   | 10.60   |
| 27 Other current liabilities  |         |   |   |
| Contract liabilities - Advances from customers (Of the opening contract liability an amount of Rs. 143.09 lakhs has been recognised as Revenue in the current year, Rs. 637.91 lakhs previous year) |         | 211.34  | 212.24  |
| Statutory remittances (Contributions to PF, ESIC and LWF, withholding taxes, GST etc.)  |         | 38.62   | 38.48   |
|   | Total_  | 249.96  | 250.72  |



|    | Particulars                          | Year ended March<br>31, 2022 | Year ended<br>March 31, 2021 |
|----|--------------------------------------|------------------------------|------------------------------|
|    |                                      | Rupees in lakhs              | Rupees in lakhs              |
| 28 | Revenue from operations              |                              |                              |
|    | Sale                                 | 14,909.41                    | 9,671.57                     |
|    | Other operating income<br>Scrap sale | 49.14                        | 6.14                         |
|    |                                      | Total 14,958.55              | 9,677.71                     |

The Company's current contract with customers for sale of Composite structures can be classified as (i) Manufacture and sale of parts as such and (ii) Sale of services.

i) Manufacture and sale of parts: Each deliverable part is considered as a separate performance obligation in itself and has a clearly identifiable transaction value. In this case, the customer representative normally inspects and approves the part for despatch. This part is a specific part manufactured as per the design provided by the customer, such acceptance is considered to be indicative of the customer having obtained the ability to direct the use of and obtain substantially all of the remaining benefits from the part. The contract with the customers provides the part to be delivered to its specified location and hence the revenue is recognised once the parts are placed with the carrier at the origin destination.

Payments for these parts are received in accordance with the contract with the customer, which includes certain advance amount in some cases and balance payments on delivery of the parts as per the agreed credit terms. As the advance gets adjusted within the normal operating cycle of 12 months, the advance received is not considered to be towards a significant financing arrangement requiring adjustment to the transaction price.

ii) <u>Sale of services:</u> Each installation and commissioning contract is considered as a separate performance obligation in itself and has a clearly identifiable transaction value. The customer representative normally inspects and approves the installed components and provides the installation completion certificate. On approval the revenue is recognised.

Payments for these services are received in accordance with the terms agreed in the contract with the customer.

| Manufacture and asla of and a sure                             |   |   |  |
|--|---|---|--|
|  |   |   | 9,507.88   |
| Sales of Services  |   | 291.48  | 163.69   |
|  | -   | 14,909.41   | 9,671.57   |
| Geographical markets   |   |   |  |
| Export   |   | 522.28  | 727.82   |
| Domestic market  |   | 14,387.13   | 8,943.75   |
|  |   | 14,909.41   | 9,671.57   |
| Other Income   |   |   |  |
| Interest Income  |   |   |  |
| Margin Deposit & Fixed Deposit with Banks                      |   | 24.19   | 19.67  |
| Interest on Income Tax Refund                                  |   | 24.01   | 0.09   |
| Recovery of Late Delivery charges written off in earlier years |   | -   | 65.00  |
| Sundry balances written back (net)                             |   | 0.03  | 41.27  |
| Non Compete Fee  |   | 334.13  |  |
| Gain on Transfer on Leasehold Property to Subsidiary           |   |   | 184.47   |
| Profit on sale of assets                                       |   | 190.78  |  |
| Dividend from Subsidiary                                       |   |   | 255.00   |
|  | Total   | 573.14  | 565.50   |
|  | Manufacture and sale of parts as such Sales of Services  Geographical markets Export Domestic market  Other Income Interest Income Margin Deposit & Fixed Deposit with Banks Interest on Income Tax Refund  Recovery of Late Delivery charges written off in earlier years Sundry balances written back (net)  Non Compete Fee Gain on Transfer on Leasehold Property to Subsidiary  Profit on sale of assets | Manufacture and sale of parts as such Sales of Services  Geographical markets Export Domestic market  Other Income Interest Income Margin Deposit & Fixed Deposit with Banks Interest on Income Tax Refund  Recovery of Late Delivery charges written off in earlier years Sundry balances written back (net)  Non Compete Fee Gain on Transfer on Leasehold Property to Subsidiary Profit on sale of assets Dividend from Subsidiary | Manufacture and sale of parts as such         14,617.93           Sales of Services         291.48           14,909.41           Geographical markets           Export         522.28           Domestic market         14,387.13           14,909.41           Other Income           Interest Income           Margin Deposit & Fixed Deposit with Banks Interest on Income Tax Refund         24.19           Recovery of Late Delivery charges written off in earlier years         -           Sundry balances written back (net)         0.03           Non Compete Fee         334.13           Gain on Transfer on Leasehold Property to Subsidiary         -           Profit on sale of assets         190.78           Dividend from Subsidiary         - |

PLOT NO. 19 A

|    | Particulars   | Year ended March<br>31, 2022 | Year ended<br>March 31, 2021            |
|----|---|------------------------------|---|
|    |   | Rupees in lakhs              | Rupees in lakhs                         |
| 30 | Cost of materials consumed  |                              |   |
|    | Stock at Commencement   | 1,041.93                     | 1,305.98                                |
|    | Add: Purchases, Stores & Spares   | 9,639.85                     | 4,695.65                                |
|    | Add: Goods in transit Add: Freight Inward, Custom Duty & Clearance Charges            | 76.38                        | 25.02                                   |
|    | Add. Freight filward, Custoffi Duty & Clearance Charges                               | 89.82<br>10,847.98           | 75.86<br>6,102.51                       |
|    | Less: Stock at close  | 1,324.48                     | 1,041.93                                |
|    | Total   | 9,523.50                     | 5,060.58                                |
| 31 | Changes in inventories of finished goods work-in-progress and stock-in-trade          |                              |   |
|    | Inventories at the end of the year  |                              |   |
|    | Work in Process Finished Goods  | 483.88                       | 418.38                                  |
|    |   | 483.88                       | 418.38                                  |
|    | Inventories at the beginning of the year  |                              |   |
|    | Work in Process Finished Goods  | 418.38                       | 1,156.94                                |
|    | -   | 418.38                       | 1,156.94                                |
|    | Net (increase)/ decrease  | (65.50)                      | 738.56                                  |
| 32 | Employee benefits expense   |                              |   |
|    | Wages   | 829.50                       | 828.68                                  |
|    | Salaries  | 915.25                       | 651.45                                  |
|    | Remuneration to Directors   | 34.50                        | 34.50                                   |
|    | Contribution to PF, ESIC, & Other Funds Gratuity (see note no. 41)                    | 94.87<br>24.63               | 73.50<br>27.83                          |
|    | Workmen Welfare Expenses  | 70.22                        | 61.24                                   |
|    | Total _   | 1,968.96                     | 1,677.19                                |
| 33 | Finance costs   |                              |   |
|    | Interest on borrowings from banks   | 557.21                       | 622.26                                  |
|    | Interest on borrowings from related parties and others                                | 137.21                       | 154.31                                  |
|    | Interest on others  | 136.99                       | 87.46                                   |
|    | Interest on Lease Liability   | 0.81                         | -                                       |
|    | Other borrowings costs (processing fees, guarantee commission and LC processing fees) | 57.41                        | 67.14                                   |
|    | Amortisation of premium on redemption of Preference Shares                            | 96.00                        | 96.00                                   |
|    | Total   | 985.64                       | 1,027.18                                |
|    | Total   |                              | -,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |



|    | Particulars   | ,     | Year ended March<br>31, 2022 | Year ended<br>March 31, 2021 |
|----|---|-------|------------------------------|------------------------------|
|    |   |       | Rupees in lakhs              | Rupees in lakhs              |
| 34 | Other expenses  |       | <del></del> .                |                              |
|    | Outsourced Services   |       | 816.55                       | 238.73                       |
|    | Consumption of Packing Material                               |       | 80.03                        | 60.45                        |
|    | Fuel, power and water   |       | 101.69                       | 93.20                        |
|    | Repair & Maintenance:   |       | 101.00                       | 33.20                        |
|    | - Plant & Machinery   |       | 42.36                        | 16.91                        |
|    | - Building  |       | 10.03                        | 15.19                        |
|    | - Others  |       | 29.05                        | 1.76                         |
|    | Insurance Charges   |       | 38.04                        | 30.50                        |
|    | Rates & Taxes   |       | 23.57                        | 2.41                         |
|    | Communication Charges   |       | 27.61                        | 21.31                        |
|    | Travelling & Conveyance                                       |       | 106.06                       | 56.12                        |
|    | Printing and stationery                                       |       | 19.87                        | 15.61                        |
|    | Advertisement and business promotion Expenses                 |       | 38.88                        | 16.31                        |
|    | Inspection & Testing Charges                                  |       | 36.88                        | 15.69                        |
|    | Professional Fees   |       | 132.68                       | 52.76                        |
|    | Provision for Doubtful Debts                                  |       | 1:24                         | 25.05                        |
|    | Auditor's Remuneration:                                       |       |                              | -1111                        |
|    | - For Audit Matters   |       | 5.50                         | 4.50                         |
|    | - For Taxation Matters  |       | 1.50                         | 1.25                         |
|    | Internal Audit & Other Matters                                |       | 6.34                         | 11.65                        |
|    | Amortisation of right of use of leased assets (Refer Note 40) |       | 8.61                         | 1.14                         |
|    | Security Expenses   |       | 66.37                        | 57.91                        |
|    | Design and Engineering Expenses                               |       | 1.54                         | 1.53                         |
|    | Sundry Debit Balances written off                             |       | 0.03                         | 0.09                         |
|    | Late Delivery Claims  |       | 124.98                       | 67.03                        |
|    | Donation  |       | 0.23                         | 0.10                         |
|    | Royalty   |       | 28.70                        | 34.74                        |
|    | Scrap Disposal  |       | 21.86                        | 32.27                        |
|    | Sales & Agents Commission                                     |       | 125.68                       | 89.10                        |
|    | Freight Charges Outward                                       |       | 476.48                       | 198.95                       |
|    | Miscellaneous Expenses  |       | 26.56                        | 49.09                        |
|    | Loss on Foreign Currency Transactions                         |       | 1.98                         | 5.47                         |
|    |   | TOTAL | 2,400.92                     | 1,216.84                     |



Kineco Limited Notes forming part of the financial statements as at and for the year ended March 31, 2022

|    | Particulars   | Year ended March<br>31, 2022 | Year ended<br>March 31, 2021 |
|----|---|------------------------------|------------------------------|
|    |   | Rupees in lakhs              | Rupees in lakhs              |
| 35 | Tax expense   |                              |                              |
| а  | Income tax recognised in Statement of Profit and Loss   |                              |                              |
|    | Current tax in respect of current year  |                              |                              |
|    | Tax of prior years  | (5.95)                       | (47.35)                      |
|    | Deferred tax  | 247.35                       | 10.92                        |
|    | Total   | 241.40                       |                              |
|    | i otal  | 241.40                       | (36.43)                      |
| b  | The reconciliation of estimated income tax expense at Indian Statutory income tax ra<br>Statement of Profit and Loss is as follows:   | te to income tax expe        | nse reported in              |
|    | Profit before tax   | 204.03                       | 23.31                        |
|    | Indian statutory income tax rate  | 25.17%                       | 25.17%                       |
|    | Income tax expense  | 51.35                        | 5.87                         |
|    | Effect of expenses that are not deductible in determining taxable profit  | 25.61                        | 56.36                        |
|    | Effect of expenses that were disallowed in the previous years, deductible in determining  | 20.01                        | 00.00                        |
|    | taxable profit  | (14.93)                      | (7.38)                       |
|    | Effect of set off of brought forward losses against taxable profit and temporary difference relating to depreciation allowance including the sale of plant and machinery for which deferred tax liabilities have been recognised  |                              |                              |
|    |   | 166,30                       | (54.85)                      |
|    | Reduction/ (increase) in DTA Taxes of prior years   | - (5.05)                     | 10.92                        |
|    | Permanent difference on expenses disallowed   | (5.95)<br>0.60               | (47.35)                      |
|    | Change in Tax rates   | 18.42                        |                              |
|    | Income tax expense recognised in Statement of Profit and Loss   | 241.40                       | (36.43)                      |
|    | Income tax recognised in Other Comprehensive Income   |                              |                              |
| С  | mooning tax recognised in outer comprehensive income  |                              |                              |
| С  | Deferred tax  |                              |                              |
| С  | Deferred tax  |                              |                              |
| С  |   | 0.86                         | (7.00)                       |
| С  | Deferred tax  Arising on income and expenses recognised in other comprehensive income:  Remeasurement of defined obligations and equity instruments  Impact of MAT / Set-off of brought forward losses  | 0.86<br>(0.86)               | (7.00)<br>7.00               |
| С  | Deferred tax  Arising on income and expenses recognised in other comprehensive income:  Remeasurement of defined obligations and equity instruments  Impact of MAT / Set-off of brought forward losses  Total income tax recognised in other comprehensive income   |                              |                              |
| С  | Deferred tax  Arising on income and expenses recognised in other comprehensive income: Remeasurement of defined obligations and equity instruments Impact of MAT / Set-off of brought forward losses  Total income tax recognised in other comprehensive income  Bifurcation of the income tax recognised in other comprehensive income into: | (0.86)                       | 7.00                         |
| С  | Deferred tax  Arising on income and expenses recognised in other comprehensive income:  Remeasurement of defined obligations and equity instruments  Impact of MAT / Set-off of brought forward losses  Total income tax recognised in other comprehensive income   | (0.86)                       | 7.00                         |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

### 36 Financial instruments

### i. Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2(s).

### II. Financial assets and liabilities:

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

|                                |   |  |                |                            | Rupees in lakhs  |
|--------------------------------|---|--|----------------|----------------------------|------------------|
| Financial Assets               | Fair value<br>through profit<br>or loss | Fair value<br>through other<br>comprehensive<br>income | Amortised cost | Total<br>carrying<br>value | Total fair value |
| As at 31st March 2021          |   |  |                |                            |                  |
| Non-Current Investments*       | -                                       | 0.37   | -              | 0.37                       | 0.37             |
| Trade receivables              |   | -  | 5,751.55       | 5,751.55                   | 5,751.55         |
| Cash and cash equivalents      |   | -  | 648.78         | 648.78                     | 648.78           |
| Other bank balances            | -                                       | -  | 371.13         | 371.13                     | 371.13           |
| Other current financial assets |   | _  | 48.81          | 48.81                      | 48.81            |
| Other Non financial assets     |   | 8/2  | 6,820.27       | 6,820.27                   | 6,820.27         |
| Total                          |   | 0.37   | 13,640.55      | 13,640.92                  | 13,640.92        |
| As at 31st March 2022          |   |  |                |                            |                  |
| Non-Current Investments*       | <u> </u>                                | 0.56   | -              | 0.56                       | 0.56             |
| Trade receivables              | -                                       |  | 5,411.16       | 5,411.16                   | 5,411.16         |
| Cash and cash equivalents      |   | -  | 422.71         | 422.71                     | 422.71           |
| Other bank balances            |   |  | 554.75         | 554.75                     | 554.75           |
| Other current financial assets | _                                       | 12 <u>2</u>  | 157.37         | 157.37                     | 157.37           |
| Other Non financial assets     |   | <del>-</del> -   | 6,545.99       | 6,545.99                   | 6,545.99         |
| Total                          | -                                       | 0.56   | 13,091.97      | 13,092.53                  | 13,092.53        |

|                                     |   |  |                |                            | Rupees in lakhs  |
|-------------------------------------|---|--|----------------|----------------------------|------------------|
| Financial Liabilities               | Fair value<br>through profit<br>or loss | Fair value<br>through other<br>comprehensive<br>income | Amortised cost | Total<br>carrying<br>value | Total fair value |
| As at 31st March 2021               |   |  |                |                            |                  |
| Non-current borrowings              |   | -  | 4,327.25       | 4,327.25                   | 4,327.25         |
| Current borrowings                  | -                                       | 3. <del></del>   | 5,669.57       | 5,669.57                   | 5,669.57         |
| Non Current Lease Liabilities       |   |  | 69.21          | 69.21                      | 69.21            |
| Trade payables                      |   | -  | 2,298.95       | 2,298.95                   | 2,298.95         |
| Lease Liabilities                   |   |  | 6.98           | 6.98                       | 6.98             |
| Other current financial liabilities | -                                       | -  | 34.57          | 34.57                      | 34.57            |
| Total                               | •                                       |  | 12,406.53      | 12,406.53                  | 8,079.27         |
| As at 31st March 2022               |   |  |                |                            |                  |
| Non-current borrowings              | -                                       | -  | 4,571.47       | 4,571.47                   | 4,571.47         |
| Current borrowings                  | -                                       | -  | 4,473.09       | 4,473.09                   | 4,473.09         |
| Non Current Lease Liabilities       |   |  | 59.96          | 59.96                      | 59.96            |
| Trade payables                      | -                                       | _  | 2,588.27       | 2,588.27                   | 2,588.27         |
| Lease Liabilities                   |   |  | 8.51           | 8.51                       | 8.51             |
| Other current financial liabilities | -                                       | -  | 74.63          | 74.63                      | 74.63            |
| Total                               |   | 7 <u>2</u>   | 11,775.94      | 11,775.94                  | 7,204.46         |

### iii. Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

|  |             | Rupees in lakhs |
|--|-------------|-----------------|
|  | As at March | As at March 31, |
|  | 31, 2022    | 2021            |
| Financial assets - at fair value through other comprehensive income: |             |                 |
| Non-Current Investments  | 0.56        | 0.37            |
| (other than equity instruments of subsidiaries)                      |             |                 |
| Total  | 0.56        | 0.37            |



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

### a) Risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risks include market risk, credit risk and liquidity risk. 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 risk and adherence to limits. The risk management process is regularly reviewed by the Company's board of directors.

#### b) Treasury management

The Company's treasury function provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal reports which analyses exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

#### c) Market Risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rate and interest rates.

### (i) Foreign exchange risk

The Company's business activities include import of raw materials and exports which are linked to international price in dollar terms. As a result the Company is exposed to exchange rate fluctuation on its imports and exports.

### d) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The Company's customers include government bodies/public sector undertakings as well as private companies. The credit worthiness of the customers is evaluated based on publically available information and the Company's historical experiences.

Credit period varies as per the contractual terms with the customers. No interest is generally charged on overdue trade receivables. Exposures to customers outstanding at the end of each reporting period are reviewed to determine incurred and expected credit losses and the Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade receivables.

### e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by continuously monitoring of forecasts and actual cash flows and by matching the maturity timelines of the financial assets and liabilities and utilising the its borrowing facilities appropriately to meet its financial obligations.

The following table provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

|                              |             | Amou         | nts in lakhs |
|------------------------------|-------------|--------------|--------------|
| As at March 31, 2022         | Less than 1 | 1 to 5 years | Total        |
|                              | year        |              |              |
| Interest bearing liabilities | 882.54      | 8,162.02     | 9,044.56     |
| Trade payables               | 2,588.27    | -            | 2,588.27     |
| Other financial liabilities  | 74.63       | 59.96        | 134.59       |
| As at March 31, 2021         | Less than 1 | 1 to 5 years | Total        |
|                              | year        |              |              |
| Interest bearing liabilities | 1,554.69    | 8,442.13     | 9,996.82     |
| Trade payables               | 2,298.95    | 14           | 2,298.95     |
| Other financial liabilities  | 34.56       | 87.18        | 121.74       |

### v Capital management

Gearing ratio

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The Company aims to maintain an optimal capital structure through combination of debt and equity in a manner so as to minimise the cost of capital

The Company monitors its capital using Gearing Ratio, Net Debt (Short Term and Long Term Borrowings including Current maturities) divided by Total Equity (Capital plus net debt)

|  | As at March 31, | As at March |
|--|-----------------|-------------|
|  | 2022            | 31, 2021    |
| Long term borrowings (Refer note 19)                 | 4,571.47        | 4,327.25    |
| Cash Credit facilities from Banks (Refer note 22)    | 3,590.55        | 4,114.88    |
| Current maturities of long term debt (Refer note 22) | 882.54          | 1,554.69    |
| Net debt   | 9,044.56        | 9,996.82    |
| Total equity   | 2,403.43        | 2,444.22    |
| Total capital  | 11,447.98       | 12,441.05   |
|  |                 |             |

By

79% LIA 80%

### Notes forming part of the financial statements as at and for the year ended March 31, 2022

### 37 Contingent liabilities

- (i) Bank Guarantees issued by the bank on behalf of the Company Rs 1,850,65 lakhs (Previous year: Rs. 1,743.65 lakhs)
- (ii) Letter of Credit issued by the bank on behalf of the Company: Rs 211.84 lakhs (Previous year: Rs 388.99 lakhs)
- (iii) Claims against the Company for pending cases Rs NIL (Previous year Rs. NIL)
- (iv) Corporate Guarantee on behalf of Joint venture Rs. 500.00 lakhs (Previous year Rs. NIL)

### 38 Commitments:

Estimated amount of contracts remaining to be executed on capital account: Rs 40.04 lakhs (Previous year: Rs. 32.46 lakhs )

39 Trade receivable, loans and advances and trade payable balances are subject to confirmation, reconciliation and consequent adjustments, if any.

#### 40 Leases

The Company has entered into long term lease agreements with Goa Industrial Development Corporation for use of Industrial Land. This use of land as per the agreements has been identified as the right of use assets.

| i. Right-of-use assets - Land                        | *               |           |
|--|-----------------|-----------|
| Particulars  | Amount in lakhs |           |
| Right-of-use assets as of April 1, 2020              | 155.60          |           |
| Less: Sold during the year                           | 11.79           |           |
| Less: amortised during the year                      | 7.14            |           |
| Right-of-use assets as of April 1, 2021 - Land       | 136.67          |           |
| Less: amortised during the year                      | 8.61_           |           |
| Balance as at March 31, 2022                         | 128.06          |           |
| ii. Lease liabilities                                |                 |           |
| Particulars  | Amount in lakhs |           |
| Lease liabilites as of April 1, 2020                 | 94.84           |           |
| Payment during the year                              | (7.66)          |           |
| Less: Plot transferred                               | (11.79)         |           |
| Lease liabilites as of April 1, 2021                 | 75.39           |           |
| Payment during the year                              | (6.92)          |           |
| Balance as at March 31, 2022                         | 68.47           |           |
| iii. Maturity analysis of lease liabilities          | Amount in laki  | ns        |
| Particulars  | Cash outflow    | 1         |
|  | undiscounted    | i         |
|  |                 | larch 31, |
|  | 2022            | 2021      |
| a. Not later than one year                           | 8.51            | 6.98      |
| b. Later than one year and not later than five years | 40.37           | 38.98     |
| c. Later than five years                             | 251.70          | 270.65    |
|  | 300.58          | 316.61    |
|  |                 |           |

- 1. The lease term is for a definite period with no unconditional right with the Company to extend the lease period.
- 2. The lease agreements provide for a 10% increase in lease rent every 3 years.
- 3. The agreements provide for a subleasing of the leased land with prior approval of the lessor. However, the Company has not sub leased the right-of-use assets.
- 4. The agreements provide for renewal option of the lease period. The option to be exercised within the time stipulated in the lease agreements.

### 41 Employee benefits obligations:

### Defined contribution plans:

Contribution to Defined Contribution Plan, recognised as an expense and included under "Employee Benefits Expenses" - Note 32 to the Statement of Profit and Loss are as under:

- Employer's contribution to Provident Fund Rs. 80.06 lakhs; (Previous year Rs. 62.84 lakhs )
- Employer's contribution to Employees State Insurance Scheme Rs. 14.55 lakhs; (Previous year Rs. 10.43 lakhs)

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### Defined benefit plans:

The Company offers benefits under a defined-benefit plan in the form of a gratuity scheme to its eligible employees. The gratuity scheme covers substantially all regular employees. The plan provides for a lump sum payment to its vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days/ one month salary drawn at the time of the incident occasioning such payment, as applicable, payable for each completed year of service or part there of in excess of six months. Vesting occurs up on completion of five years of service calculated as per the Payment of Gratuity Act, 1972.

The employees' gratuity fund scheme is managed by Life Insurance Corporation of India (LIC). The Company makes annual contributions to the plan. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method.

|    | ticula | defined benefit plan - As per Actuarial valuation are as follows: rs        | March 31,<br>2022 | Rupees in lakhs<br>March 31, 2021 |
|----|--------|---|-------------------|-----------------------------------|
| _  | 0      |   | 2022              |                                   |
| 1  | Cor    | mponents of defined benefit cost  |                   |                                   |
|    | 1      | Current service cost  | 24.20             | 26.59                             |
|    | ii     | Past service cost   | -                 |                                   |
|    | iii    | Mortality charges and taxes   | <del>-</del> -    | -                                 |
|    | iv     | Interest cost on benefit obligation (net)                                   | 0.42              | 1.24                              |
|    |        | Total expense included in Statement of Profit and Loss (P&L)                | 24.63             | 27.83                             |
|    | V      | Actuarial loss/ (gain) arising from financial assumptions                   | (6.08)            | (2.95)                            |
|    | vi     | Actuarial loss/ (gain) arising from experience adjustments                  | 9.69              | (24.77)                           |
|    |        | Total expense recognised in Other Comprehensive Income (OCI)                | 3.61              | (27.72)                           |
|    |        | Total defined benefit cost recognised in P&L and OCI                        | 28.24             | 0.11                              |
| 11 | Actu   | ual contribution and benefits payments for the year                         |                   |                                   |
|    | i      | Actual contributions  | -                 | -                                 |
|    | ii     | Actual benefits payments  | 5.12              | =                                 |
| Ш  | Cha    | nges in present value of obligation during the year                         |                   |                                   |
|    | i      | Present value of defined benefit obligation as at the beginning of the year | 159.14            | 151.19                            |
|    | ii     | Current service cost  | 24.20             | 26.59                             |
|    | iii    | Past service cost   |                   |                                   |
|    | iv     | Interest cost   | 10.71             | 9.98                              |
|    | V      | Benefits paid   | (5.12)            | -                                 |
|    | vi     | Actuarial loss/ (gain) arising from financial assumptions                   | (7.03)            | (3.84)                            |
|    | vi     | Actuarial loss/ (gain) arising from experience adjustments                  | 9.69              | (24.77)                           |
|    | vii    | Present value of defined benefit obligation as at the end of the year       | 191.58            | 159.14                            |
| IV | Cha    | nges in fair value of plan of assets during the year                        |                   |                                   |
|    | i      | Fair value of plan of assets as at the beginning of the year                | 150.01            | 122.69                            |
|    | ii     | Interest income   | 10.29             | 8.74                              |
|    | iii    | Actual company contribution   | 0.72              | 19.47                             |
|    | iv     | Mortality charges and taxes   | -                 | -                                 |
|    | v      | Benefits paid   |                   |                                   |
|    | vi     | Return on plant of assets (excluding interest income)                       | (0.96)            | (0.89)                            |
|    | vii    | Fair value of plan of assets as at the end of the year                      | 160.06            | 150.01                            |
| V  | Net a  | asset/ (liability) recognised in the Balance Sheet                          |                   |                                   |
|    | i      | Present value of defined benefit obligation                                 | (191.58)          | (159.14)                          |
|    | ii     | Fair value of plan of assets  | 160.06            | 150.01                            |
|    | iii    | Net asset/ (liability) recognised in the Balance Sheet                      | (31.52)           | (9.13)                            |
| ٧١ | Actu   | arial assumptions   |                   |                                   |
|    | i      | Discount rate   | 7.23%             | 6 0 40/                           |
|    | ii     | Expected return on plan of assets   | 6.84%             | 6.84%<br>6.46%                    |
|    | III    | Salary escalation rate  | 8.50%             |                                   |
|    | iv     | Mortality table used  | 8.50%<br>Indian   | 8.50%                             |
|    |        |   | Assured           | Indian Assured                    |
|    |        |   | Lives Mortality   | Lives Mortality<br>2012-14        |
|    |        |   | 2012-14           | Ultimate table                    |
|    |        |   | Ultimate table    | Oitimate table                    |
|    | 720    | NAPAL danced and a  |                   |                                   |
|    | V      | Withdrawal rates  | 10.00%            | 10.00%                            |

In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.



### Notes forming part of the financial statements as at and for the year ended March 31, 2022

VII Maturity profile of defined benefit obligation (rounded of to the nearest lakhs)

| i   | Year 1             | 15.26 | 4.33  |
|-----|--------------------|-------|-------|
| ii  | Year 2             | 6.59  | 11.57 |
|     |                    |       |       |
| iii | Year 3             | 6.76  | 5.35  |
| iv  | Year 4             | 25.42 | 5.57  |
| V   | Year 5             | 20.24 | 23.98 |
| vi  | Subsequent 5 years | 89.03 | 81.23 |

The defined benefit plan is exposed to various actuarial risks such as investment risk, interest rate risk, longetivity risk and salary risk.

- i. Investment risk- All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.
- Discount rate risk The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Decrease in the bond rate will increase the plan liability; this will partially be offset by the increase in the interest on plan assets.
- Longetivity risk The present value of the defined benefit obligation calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plans liability.
- iv Salary risk The present value of the defined benefit obligation calculated by reference to the future salaries of the plan participants. An increase in the salary of the plan participants will increase the plan liability.

| V | Quantitative sensitivity analysis for significant assumptions is as below: |        |        |
|---|--|--------|--------|
|   | 1% increase in discount rate   | 175.33 | 144.60 |
|   | 1% decrease in discount rate   | 210.51 | 176.19 |
|   | 1% increase in salary increment rate                                       | 206.52 | 174.17 |
|   | 1% decrease in salary increment rate                                       | 177.98 | 146.03 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company operates a leave encashment scheme, which is a unfunded scheme. The present value of obligation under this scheme is based on an actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| Detail | is of a | defined benefit plan - As per Actuarial valuation are as follows: |                   | Rupees in lakhs |
|--------|---------|---|-------------------|-----------------|
| Partio | cular   | S.  | March 31,<br>2022 | March 31, 202   |
| 1      | Con     | nponents of defined benefit cost                                  |                   |                 |
|        | i       | Current service cost  | 24.79             | 30.23           |
|        | ii      | Past service cost   | 23.31             | (26.34)         |
|        | iii     | Mortality charges and taxes                                       | -                 | -               |
|        | iv      | Interest cost on benefit obligation (net)                         | 5.12              | 5.40            |
|        |         | Total expense included in Statement of Profit and Loss (P&L)      | 53.22             | 9.30            |
|        | ٧       | Actuarial loss/ (gain) arising from financial assumptions         | THE               |                 |
|        | vi      | Actuarial loss/ (gain) arising from experience adjustments        |                   | -               |
|        |         | Total expense recognised in Other Comprehensive Income (OCI)      | -                 | -               |
|        |         | Total defined benefit cost recognised in P&L and OCI              | 53.22             | 9.30            |
| II     | Actu    | ual contribution and benefits payments for the year               |                   |                 |
|        | i       | Actual contributions  | - J               |                 |
|        | ii      | Actual benefits payments  | 24.62             | 8.08            |

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|      |         |   |                   | Rupees in lakhs |
|------|---------|---|-------------------|-----------------|
|      | 20      |   | March 31,<br>2022 | March 31, 2021  |
| 111  | Cha     | nges in present value of obligation during the year                             |                   |                 |
|      | i       | Present value of defined benefit obligation as at the beginning of the year     | 87.13             | 85.91           |
|      | ii      | Current service cost  | 24.79             | 30.23           |
|      | iii     | Past service cost   | 23.31             | (26.34)         |
|      | iv      | Interest cost   | 5.12              | 5.40            |
|      | V       | Benefits paid   |                   | -               |
|      | vi      | Actuarial loss/ (gain) arising from financial assumptions                       |                   | _               |
|      | vi      | Actuarial loss/ (gain) arising from experience adjustments                      | (24.62)           | (8.08)          |
|      | vii     | Present value of defined benefit obligation as at the end of the year           | 115.73            | 87.13           |
| IV   | Cha     | nges in fair value of plan of assets during the year                            |                   |                 |
| 1450 | i       | Fair value of plan of assets as at the beginning of the year                    |                   |                 |
|      | ii      | Interest income   |                   | -               |
|      | iii     | Actual company contribution   |                   | -               |
|      | iv      | Mortality charges and taxes   |                   |                 |
|      | V       | Benefits paid   | <u> </u>          |                 |
|      | vi      | Return on plant of assets (excluding interest income)                           |                   | -               |
|      | vii     | Fair value of plan of assets as at the end of the year                          | -                 |                 |
| V    | Not     |   |                   |                 |
| V    |         | asset/ (liability) recognised in the Balance Sheet                              |                   |                 |
|      | i<br>ii | Present value of defined benefit obligation Fair value of plan of assets        | (115.73)          | (87.13)         |
|      | iii     |   |                   |                 |
|      | III     | Net asset/ (liability) recognised in the Balance Sheet                          | (115.73)          | (87.13)         |
| VI   | Actu    | arial assumptions   |                   |                 |
| • •  | i       | Discount rate   | 7.23%             | C 040/          |
|      | ii      | Expected return on plan of assets   | 7.23%<br>NA       | 6.84%           |
|      | iii     | Salary escalation rate  | 8.50%             | NA<br>8.50%     |
|      | iv      | Mortality table used  |                   |                 |
|      | 14      | Wortality table useu  | Indian            | Indian Assured  |
|      |         |   | Assured           | Lives Mortality |
|      |         |   | Lives Mortality   | 2012-14         |
|      |         |   | 2012-14           | Ultimate table  |
|      |         |   | Ultimate table    |                 |
|      | ٧       | Withdrawal rates  | 1% - 7.5%         | 1% - 7.5%       |
| VII  | Matu    | rity profile of defined benefit obligation (rounded of to the nearest thousand) |                   |                 |
|      | i       | Year 1  | 10.94             | 10.60           |
|      | ·II-    | Year 2  | 10:42             | 10.14           |
|      | iii     | Year 3  | 10.14             | 9.34            |
|      | iv      | Year 4  | 9.61              | 8.79            |
|      | V       | Year 5  | 13.99             | 8.29            |
|      | vi      | Subsequent 5 years  | 55.91             | 42.94           |
|      |         |   | 00.01             | 42.04           |

The defined benefit plan is exposed to various actuarial risks such as interest rate risk and salary risk.

- Discount rate risk The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Decrease in the bond rate will increase the plan liability; this will partially be offset by the increase in the interest on plan assets.
- Salary risk The present value of the defined benefit obligation calculated by reference to the future salaries of the plan participants. An increase in the salary of the plan participants will increase the plan liability.
- Quantitative sensitivity analysis for significant assumptions is as below:115.7382.011% increase in discount rate107.7092.901% increase in salary increment rate124.9092.751% decrease in salary increment rate124.6982.04

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.





Notes forming part of the financial statements as at and for the year ended March 31, 2022

### 42 Related party information:

Related party information as required by Ind AS 24 is given below:

### A. Names of the related parties and their relationships:

i) <u>Ultimate Holding Company</u> Indo National Limited

ii) Holding Company

Helios Strategic Systems Limited.

iii) Subsidiaries / Joint Venture

Kineco Kaman Composites India Private Limited Kineco Alte Train Technologies Private Limited Kineco Exel Composites India Private Limited

iv) Key Management Personnel

Mr. Shekhar Sardessai - Executive Vice Chairman and Managing Director

Mr. Vinay Jagtap - Executive Director

Mr. Prashant Naik - Director

Mr. Aravindkumar S R - Chief Financial Officer

Mrs. Manisha Naik Shirgaonkar - Company Secretary

### B Transactions with related parties:

i) Details relating to parties referred to in items A (i), (ii) and (iii) above:

| Rupees in lak |                                    |   |                   |                |
|---------------|------------------------------------|---|-------------------|----------------|
| Partic        | culars                             | Name of the Related Party                           | March 31,<br>2022 | March 31, 2021 |
| Incom         | ne                                 |   |                   |                |
| Sales         | of goods / services                | Kineco Kaman Composite India Pvt Ltd                | 24.00             | 38.41          |
|               |                                    | Kineco Exel Composites India Private Limited        | 120.52            |                |
| Expen         | ises                               |   |                   |                |
| Financ        | ce Cost                            | Shekhar Sardessai                                   | 9.75              | 9.75           |
|               |                                    | Helios Strategic systems Limited - Loan             | 127.46            | 144.56         |
|               |                                    | Helios Strategic systems Limited - Preference share | 96.00             | 96.00          |
| Expen         | ses reimbursed                     | Kineco Kaman Composite India Pvt Ltd                | 1.73              | -              |
|               |                                    | Indo National Limited                               | 1.65              | 1.18           |
|               |                                    | Kineco Alte Train Technologies Pvt Ltd              | -                 | 0.27           |
|               |                                    | Kineco Exel Composites India Private Limited        | 2.20              | -              |
| Purcha        | ase of Service                     | Kineco Kaman Composite India Pvt Ltd                | 0.87              | 1.82           |
| i di one      | 200 01 001 1100                    | Kineco Exel Composites India Private Limited        | 70.49             | -              |
| Recov         | very of expenses                   | Kineco Kaman Composite India Pvt Ltd                | _                 | 4.41           |
|               | •                                  | Kineco Exel Composites India Private Limited        | 14.37             | -              |
| Interin       | n dividend received                | Kineco Kaman Composite India Pvt Ltd                | -                 | 255.00         |
| Sale o        | f Property, Plant & Equipment      | Kineco Kaman Composite India Pvt Ltd.               |                   | 20.28          |
| Purch         | ase of Property, Plant & Equipment | Kineco Kaman Composite India Pvt Ltd                | -                 | 1.31           |
| Invest        | ment in equity share of            | Kineco Alte Train Technologies Pvt Ltd              |                   | 0.27           |
| Subsid        |                                    | Kineco Exel Composites India Private Limited        | 82.88             | 0.2.           |
| Loan F        | Received                           | Helios Strategic systems Limited                    | -                 | 200.00         |
| Pursua        | ant to Asset Sold                  |   |                   |                |
| Sale of       | f Inventory                        | Kineco Exel Composites India Private Limited        | 51.33             |                |
|               | f Property, Plant & Equipment      | Kineco Exel Composites India Private Limited        | 761.68            | -              |
|               | f Intangible Assets                | Kineco Exel Composites India Private Limited        | 394.28            | -              |
| Loan F        | Repaid                             | Helios Strategic systems Limited                    | 400.00            |                |



|     | Particulars  | Name of the Related Party   | March 31,<br>2022 | Rupees in lakhs<br>March 31, 2021 |
|-----|--|---|-------------------|-----------------------------------|
| 10) | Outstanding receivable / (payable) as at the end of the period | Kineco Kaman Composite India Pvt Ltd - Trade payables - Trade Receivables | 0.84              | (1.16)                            |
|     |  | Kineco Exel Composites India Private Limited - Trade Receivables          | 113.74            | -                                 |
|     |  | Helios Strategic systems Limited<br>- Unsecured Loans                     | (742.30)          | (1,146.59)                        |
| 11) | Corporate guarantee from Holding Company                       | Indo National Limited   | 2,040.00          | 4,040.00                          |

ii) Details relating to persons referred to in item A (iv) above:

|  |                   | Rupees in lakhs |
|--|-------------------|-----------------|
| Remuneration to Key Management Personnel   | March 31,<br>2022 | March 31, 2021  |
| Managerial remuneration paid to Shekhar Sardessai<br>(Executive Vice Chairman & Managing Director) | 34.50             | 34.50           |
| Salaries and other employee benefits to whole-time directors and executive officers                | 132.81            | 80.58           |
|  | 167.31            | 115.08          |

| Outstanding receivable / (payable)                                 | March 31,<br>2022 | March 31, 2021 |
|--|-------------------|----------------|
| Shekhar Sardessai<br>(Executive Vice Chairman & Managing Director) | (80.18)           | (82.90)        |
|  | (80.18)           | (82.90)        |

43 Moulds, Dies & Tools developed in house for specific customer application are classified as "Composite Tooling" based on technical consideration. (Refer note 4). These are reflected in the Balance Sheet based upon technical and economic evaluation (including wear and tear) carried out by independent valuers but not exceeding the cost thereof. Further in case of economic factors underlying the valuation undergoing material or adverse changes, appropriate impairment adjustment will be carried out in the year of such adverse change. Based on such policy the company has decided to write off an amount of Rs. 244.08 lakhs (previous year Rs 206.79 lakhs)

### 44 Earnings per share:

| Particulars                                      | March 31,<br>2022 | March 31, 2021 |
|--|-------------------|----------------|
| Profit for the year (Rupees in lakhs)            | (40.79)           | 87.56          |
| Weighted average number of equity shares         | 62.64.183         | 62.64.183      |
| Nominal value of each equity shares              | 10.00             | 10.00          |
| Basic and diluted earnings per share (in Rupees) | (0.65)            | 1.40           |

### 45 Foreign Currency Exposures:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

i. Amount receivable in foreign currency on account of the following:-

| Particulars                                | As at March     | As at March 31, 2021            |                 |                           |
|--|-----------------|---------------------------------|-----------------|---------------------------|
|  | Rupees in lakhs | Foreign<br>currency in<br>lakhs | Rupees in lakhs | Foreign currency in lakhs |
| Trade receivables and advances to Supplier |                 |                                 |                 |                           |
| - USD<br>- EURO                            | 17.53<br>1.10   | 0.23<br>0.01                    | 9.81<br>20.18   | 0.13<br>0.23              |

ii. Amount payable in foreign currency on account of the following:

| Particulars                                  | As at March     | As at March 31, 2021            |                 |                           |
|--|-----------------|---------------------------------|-----------------|---------------------------|
|  | Rupees in lakhs | Foreign<br>currency in<br>lakhs | Rupees in lakhs | Foreign currency in lakhs |
| Trade payables and other current liabilities |                 |                                 |                 |                           |
| - EURO<br>- USD                              | 0.31            | 0.00                            | 0.04<br>153.00  | 0.00<br>2.08              |



Details of Statements of current assets filed by the Company with banks which have been given as security against the borrowings from banks.

Rupees in Lakhs

As at March 31, 2022 Nature of As per returns Month Difference As per books of account As per revised **Current Assets** submitted to returns banks submitted to banks # April 21 Inventories 1,579.55 1,462.01 1,579.55 Trade 4,771.96 4,772.32 Receivables 4,771.96 Inventories 1,771.40 1,644.47 May 21 1,771.40 Trade Receivables 3.978.31 3.978.31 3,978.31 Jun 21 Inventories 1,898.56 1,849.52 1,898.56 Trade Receivables 4,218.99 4,218.99 4.218.99 Jul 21 Inventories 1,950.44 1,898.15 1,950.44 Trade Receivables 4.284.73 4.284.73 4.284.73 Inventories 2,018.84 1,988.76 2,018.84 Aug 21 Trade Receivables 4 489 81 4 504 36 4 489 81 Sep 21 Inventories 1,984.29 1,991.43 1,984.29 Trade 5,569.23 5.569.23 Receivables 5.569.23 Oct 21 Inventories 2,080.91 1,977.98 2,080.91 Trade 5,934.59 5,709.47 5,934.59 Receivables Nov 21 Inventories 2,224.59 2,221.12 2,224.59 Trade Receivables 5,659.88 5,400.04 5.659.88 Dec 21 Inventories 1,884.89 1,842.55 1,884.89 Trade Receivables 6,682.52 6,404.01 6,682.52 2,005.39 1,942.96 Jan 22 Inventories 2,005.39 Trade Receivables 6,168.17 5,874.19 6,168.17 Feb 22 Inventories 1,834.58 1,900.60 1,834.58 Trade Receivables 5.652.40 5,352.38 5,652.40 1,808.36 1,808.36 Mar 22 Inventories 1,739.49 Trade Receivables 5,411.16 5,298.41 5,411.16

# Subsequent to year end on May 23, 2022 the Company has filed revised return for statement of current assets given as security against the borrowings from banks. Basis the revised returns filed there are no material discrepancies between the books of account and the returns submitted to bank.

### 47 Other disclosures

- A. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- B. The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- C. The Company has utilised funds raised from borrowings from banks and financial institutions for the specific purposes for which they were issued/taken.
- D. The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved
- E. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- F. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- G. The provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 are not applicable to the Company.
- H. The Company does not have any transactions with struck-off companies.
- The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

### Notes forming part of the financial statements as at and for the year ended March 31, 2022

- J. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- K. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- M The Company does not have any Immovable Property whose title deeds are not held in the name of the Company.

### Development of Composite Technology, Products and Process Know-How:

### (i) Development of Composite Filament Winding Technology, products and process know-how

The company has completed and commercialized a project for Research and Development in the field of filament Winding using advanced technology at an aggregate cost of Rs.227.18 lacs, in association with Indian Institute of Technology, Mumbai and Technology Information Forecasting Assessment Council, a body constituted by Govt. of India under Ministry of Science and Technology. Research and product development under this has been funded by TIFAC for Rs. 99.50 Lakhs. Out of Rs. 227.18 lac, Rs. 33.31 lacs was expensed on Building and Rs.134.71 lacs represent capital expenditure on Research, which is capitalized under appropriate assets heads. Balance Rs. 59.10 lacs represent expenditure on personnel, consultancy fees to IIT Mumbai and other consultant, premium payable to bridge TIFAC as per agreement, travelling, depreciation, interest on finance etc. These being incurred for "Development of Composite development process, are classified as Intangible Asset under Technology, Products and process Know-How".

### (ii) Development of Composite Sky bus Coaches Technology, products and process know-how

The company has completed R&D project for Development of composite sky bus coaches for Konkan Railway Corporation at an aggregate cost Rs. 186.47 lacs, in association with Indian Institute of Technology, Mumbai and TIFAC. TIFAC has committed financial assistance of Rs. 99.50 lacs of which Rs. 79.60 lacs has been disbursed till 31st March 2006. The Commercialisation of the sky bus Coaches Project for Konkan Railway Corporation is getting delayed due to decision of Konkan Railway to invite expression of interest from Private Enterprises for private participation in the project. However, during the year the Group has successfully leveraged this intangible asset in the form of Composite Technology, Products and Process Know-How Sky Bus Project. Using the technology developed under this project, the Group has manufactured and supplied substantial volume orders for seats, front end cab and interior train panelling for Indian Railways over the past 8 years.

### (iii) The Development of Composite Technology, Products and Process Know-How for armature cores (for power plants), carbon fibre cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures.

The company has incurred capital expenditure for Research and Development of armature cores (for power plants), carbon fibre cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures at an aggregate cost of Rs. 288.67 lacs. The Group has received initial commercial order from customers for products developed from this research and development efforts and expects revenues over years arising out of the same.

### (iv) The Development of Composite Technology, Products and Process Know-How for Sonar Dome

The company has incurred capital expenditure for Research and development of composites Sonar Dome for ships through R&DE(E),BEL at an aggregate cost of Rs.99.46 lacs. The company has received commercial order from R&DE(E), BEL orders for manufacture and supply of sonar domes from these domes from these research and development efforts and expects revenues over years arising out of the same.

### (v) The Development of Composite Technology for fabrication of Composites Sonar Dome for P15A Class Ships

Kineco in coordination with R&DEE, Pune, DRDO, Ministry of Defence, Govt. of India developed a unique technology for fabrication of Composites Sonar Dome for P15A Class Ships by vacuum assisted resin transfer moulding technical know-how process and testing method for quality assurance. With this know how process Kineco have successfully manufactured SONAR DOME to DRDO. The Sonar Dome is a protective cover to sonar equipment of surface war ships. This technology will be utilised to manufacture sonar domes to MDL/INDIAN ARMED FORCES/BEL in consultation with DRDO. As per the TOT the licence to utilise the technology for manufacture in India and supply for 10 years.

- Kineco Limited has the following investments in subsidiaries / joint ventures

  1. Kineco Alte Train Technologies Pvt Ltd wherein the company holds 16,21,787 (as at March 31, 2021 16,21,787) fully paid up Equity shares of Rs. 10/- each
- 2. Kineco Kaman Composites India Pvt. Ltd wherein company holds 58,73,350 (as at March 31, 2021 58,73,350) fully paid up Equity shares of Rs. 10/- each
- \* 3. Kineco Exel Composites India Pvt. Ltd wherein company holds 82,880 (as at March 31, 2021 NIL) fully paid up Equity shares of Rs. 100/- each
- \* During the year Company's shareholders at its Extraordinary General Meeting held on 30th September 2021, accorded their consent to sell/transfer the Pultrusion Assets of Kineco Ltd to a WOS of the Company

On 13th October 2021, the Company purchased 10 equity shares from the first shareholders of Kineco Exel Composites India Private Limited (KECI) at face value and further the Company, upon renunciation of their rights by the first shareholders, subscribed to the Rights Issue offered by KECI at face Value. The Company was subsequently allotted 82,870 shares at face value, thereby making KECI a wholly-owned subsidiary

Thereafter the Company transferred the said Pultrusion Assets (including Inventory, Non-Compete Fees & intangible Assets) to KECI on 13th October 2021 for a consideration of Rs. 10.23 Crores

On 14 October 2021 Kineco signed an agreement to establish a Joint Venture to develop the Indian pultrusion market together with Exel Composites Oyj, a Nasdaq Helsinki listed, globally recognized composites company. This Joint Venture will enable the Company to grow its Pultrusion Business, by leveraging global Pultrusion technology and market knowhow offered by Exel Composites Oyj, while making use of Kineco's existing local know-how and resources in the Indian market

KECI offered 1,01,290 equity shares by a Preferential Issue on a Private Placement basis to Exel Composites OYJ at a price of Rs. 1,110 (Rs. 100 plus Rs. 1010 premium). Upon acceptance of the offer, KECI allotted 1,01,290 shares to Exel Composites OYJ, thereby making Exel Composites OYJ a holding company to KECI (holding 55% of the shareholding of KECI) and Kineco, an Associate Company (holding 45% shareholding of KECI). The Joint Venture - Kineco Exel Composites India Pvt Limited has envisioned that its long-term goal is to produce Pultrusion products and scale the business up by selling Pultrusion profiles across diverse segments.

- The Code on Social Security, 2020 and Code of wages, 2019 relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Codes have been published in the Gazette of India. However, the dates on which the Codes will come into effect has not been notified. The Company will assess the impact of the Codes when it comes into effect and will record any related impact in the period the Codes become effective.
- Previous year figures have been regrouped and/or rearranged, wherever considered necessary to make their classification comparable with that of the current year.

PLOT NO

### Kineco Limited Notes forming part of the financial statements as at and for the year ended March 31, 2022

|    | Ratios                           | 2021-22 | 2020-21 | % Variance | Reason for variance   |
|----|----------------------------------|---------|---------|------------|---|
| i) | Current Ratio                    | 1.39    | 1.23    | 13%        |   |
| i) | Debt Service Coverage ratio      | 0.64    | 0.74    | -13%       | New term loans availed in the form o<br>GECL from Canara and HDFC Bank are<br>with 24 months moratorium and hence   |
|    |                                  |         |         |            | there is no current maturity for these loans.   |
| i) | Inventory Turnover Ratio         | 5.79    | 2.96    | 96%        | Improvement in Revenue of FY 2: compare to FY 21 and constant monitoring of inventory levels, resulted in improved ratio  |
| )  | Trade Payable Turnover Ratio     | 3.94    | 1.76.   | 125%       | The business model with Railways is moving to Turnkey from Componen business and the new suppliers are no extending the credit terms in line with suppliers who are associated with company for many years. |
| )  | Net Profit Ratio                 | (0.00)  | 0.01    | -140%      | Negative Profit after tax mainly due to Deferred Tax provisions.  |
| )  | Return on Investment             | (0.00)  | 0.01    | -148%      | Negative Profit after tax mainly due to Deferred Tax provisions.  |
| )  | Debt-Equity Ratio                | 3.76    | 4.09    | -8%        |   |
| )  | Trade Receivables Turnover Ratio | 2.68    | 1.81    | 48%        | Improved effeciencies in collections from customers could help in maintaining similar average receivables in current year in line with previous year, though there is an improvement in Revenue             |
|    | Net Capital Turnover Ratio       | 5.12    | 5.07    | 1%         |   |
|    | Return on Capital Employed       | (0.01)  | 0.01    | -145%      | Negative Profit after tax mainly due to Deferred Tax provisions.  |

| Note |  | 2021-22   | 2020-21   |
|------|--|-----------|-----------|
| i    | Current Assets (A)   | 10,327.01 | 10,180.66 |
|      | Current Liabilities (B)  | 7,405.41  | 8,271.39  |
|      | Current Ratio (A/B)  | 1.39      | 1.23      |
| ii   | Earnings before Interest, Depreciation, and Tax (C)                                    | 1,701.82  | 1,544.57  |
|      | Interest Expense (D)   | 985.64    | 1,027.18  |
|      | Principal Repayments made during the period for long term loans and lease payments (E) | 1,654.58  | 1,046.30  |
|      | Debt Service Coverage ratio (C/(D+E))  | 0.64      | 0.74      |
| iii  | Cost of Goods Sold (Cost of materials consumed +                                       | 9,458.01  | 5,799.14  |
|      | Changes in inventories of finished goods and work in progress) (F)                     |           |           |
|      | Average Inventories (G)  | 1,634.33  | 1,961.62  |
|      | Inventory Tunrover Ratio (F/G)   | 5.79      | 2.96      |
| iv-  | Purchases of Stock-in-Trade + Other Expenses (H)                                       | 9,639.85  | 4,695.65  |
|      | Average Trade Payables (I)   | 2,443.61  | 2,673.00  |
|      | Trade Payable Turnover Ratio (H/I)   | 3.94      | 1.76      |
| V    | Profit After Tax (J)   | (37.37)   | 59.74     |
|      | Revenue from Operations (K)  | 14,958.55 | 9,677.71  |
|      | Net Profit Ratio (J/K)   | (0.00)    | 0.01      |
| vi   | Net profit   | (40.79)   | 87.56     |
|      | Total Assets   | 14,611.13 | 15,197.73 |
|      | Return on Investment (L/M)   | (0.00)    | 0.01      |
|      |  |           |           |



|          | Limited   |                  |              |
|----------|---|------------------|--------------|
| Notes fo | orming part of the financial statements as at and for the             | ne year ended Ma | rch 31, 2022 |
| vii      | Total Debt (N)  | 9,044.56         | 9,996.82     |
|          | Total Equity (O)  | 2,403.43         | 2,444.22     |
|          | Debt-Equity Ratio (N/O)   | 3.76             | 4.09         |
| viii     | Revenue from Operations (P)   | 14,958.55        | 9,677,71     |
|          | Average Trade Receivables (Q)   | 5,581.35         | 5,357.05     |
|          | Trade Recievables Turnover Ratio (P/Q)                                | 2.68             | 1.81         |
| ix       | Revenue from Operations (R)   | 14,958.55        | 9,677,71     |
|          | Average Working Capital (S)   | 2,921.60         | 1,909.28     |
|          | Net Capital Turnover Ratio (R/S)                                      | 5.12             | 5.07         |
| x        | Net Loss After Tax + Deferred Tax + Finance Cost (-) Other Income (T) | (40.79)          | 87.56        |
|          | Average capital employed (U)  | 6,974.90         | 6,771.47     |
|          | Return on Capital Employed (T/U)                                      | (0.01)           | 0.01         |

### Formulae for computation of ratios are as under:

| Sr. No. | Particulars                      | Formula  |
|---------|----------------------------------|--|
| 1       | Current Ratio                    | = Current Assets Current Liabilities   |
| 2       | Debt Service Coverage Ratio      | = Earnings before Interest, Depreciation and Tax Interest Expense + Principal Repayments made during the period for long term loans and lease payments |
| 3       | Inventory Turnover Ratio         | = Cost of Goods Sold Average Inventories of Stock-in-Trade   |
| 4       | Trade Payables Turnover Ratio    | = Purchases of Stock in Trade + Other ExpensesAverage Trade Payables Average Trade Payables  |
| 5       | Net Profit Ratio %               | = Profit After Tax Revenue from Operations   |
| 6       | Return on Investment             | = Net profit Total Assets  |
| 7       | Debt-Equity Ratio                | = Total Debt Total Equity  |
| 8       | Trade Receivables Turnover Ratio | = Revenue from Operations Average Trade Receivables  |
| 9       | Net Capital Turnover Ratio       | = Revenue from Operations Net Worth  |
| 10      | Return on Capital Employed       | = Capital Employed  Net Profit After Tax + Deferred Tax + Finance Cost (-) Other Income  |

As per our report of even date attached

VERLA

Panaji Goo

Membership No 7963 Firm Reg. No: 108008W

o

For V. B. Prabhu Verlekar & Co CHARTERED ACCOUNTANTS

FRN. 108008W

CA. V. B. Prabhu Verlekar Proprietor Membership No. 007963

Place: Panaji - Goa Date : May 23, 2022

For and on behalf of the Board Kineco Limited.,

Shekhar Sardessai Executive Vice Chairman & Managing Director

DIN No. 00016446

S R Aravindkumar Chief Financial Officer

Place: Pileme - Goa

Manisha Naik Shirgaonkar Company Secretary M. No. A34734

Vinay Jagtap Director

IN No. 02573058

Date : May 23, 2022