



# G S P AND COMPANY LLP

CHARTERED ACCOUNTANTS

LLPIN: AAV-9517. FRN. 018184S/S000048

## INDEPENDENT AUDITORS' REPORT

To the Members of **ONATTUKARA COCONUT PRODUCER COMPANY LIMITED**

### **Report on the Audit of Financial Statements**

#### **Opinion**

We have audited the financial statements of M/S Onattukara Coconut Producer Company Limited ("the Company") (CIN: **U01133KL2015PTC037897**), which comprise of the Balance sheet as at 31st March 2022, and the statement of Profit and Loss, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its financial performance, and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

1. *In respect of trade receivables, trade payables, short term borrowings and certain current liabilities, external confirmations of the balances are not available. Due to non-availability of confirmation of balances, we are unable to state whether these balances are recoverable /payable to the extent stated. (Refer note 34)*

2. *The Company has accumulated losses exceeding the share capital and reserves and its net worth has been fully eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis considering management assessment of the current situation and future prospects. (Refer note 1A)*

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





### **Information other than the Financial Statements and Auditors' Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

The Board of Directors are also responsible for overseeing the company's financial reporting process.





## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(1) 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.

(2) 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.

(3) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(4) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(5) 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 is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

(6) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, the company is exempt from getting an audit opinion on internal financial control.

(7) (i) 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;

a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company





(d) (i) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, 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, whether, 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;

(ii) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, 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, whether, 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; and

(iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

(e) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

(8) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a private limited company.

For G S P AND COMPANY LLP  
Chartered Accountants  
Firm Registration No: 0181845/S000048



**CA. R Sreekumar FCA**  
Designated Partner, Mem. No – 212938,  
UDIN: 22212938AOYHIR1146

Thiruvananthapuram  
Date: 31/07/2022







# G S P AND COMPANY LLP

CHARTERED ACCOUNTANTS

LLPIN: AAV-9517. FRN. 018184S/S000048

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report as required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (Refer to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022, we report the following:

(i) (a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed asset register needs to be maintained by the company showing invoice wise asset addition details.

(B) the company is not having any material intangible asset. Therefore, the provisions of Clause (i)(a)(B) of paragraph 3 of the order are not applicable to the company.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we were unable to comment on whether any material discrepancies were noticed on such verification and whether they are properly dealt with in the financial statements.

(c) According to the information and explanations given to us and on the basis of records examined by us, we report that, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements are held in the name of the Company.

(d) The company has not revalued its Property, Plant and Equipment during the year. Therefore, the provisions of Clause (i)(d) of paragraph 3 of the order are not applicable to the company.

(e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Therefore, the provisions of Clause (i)(e) of paragraph 3 of the order are not applicable to the company.

(ii) (a) Physical verification of inventories have been conducted by the management during the year which, in our opinion, is at reasonable intervals; and, in our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification between physical stock and book records were not 10% or more in aggregate for each class of inventories.





- (b) During any point of time of the year, the company has not been sanctioned any working capital limits, from banks or financial institutions on the basis of security of current assets. Therefore, the provisions of Clause (ii)(b) of paragraph 3 of the order are not applicable to the company.
- (iii) During the year, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of clause 3(iii) of the said Order are not applicable to the company.
- (iv) The company has not made any loans, investments, guarantees and security on which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Therefore, the provisions of clause 3(iv) of the said Order are not applicable to the company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Clause (v) of paragraph 3 of the order are not applicable to the Company.
- (vi) As explained to us, the Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Therefore, the provisions of Clause (vi) of paragraph 3 of the order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has been regular in depositing undisputed statutory dues including Goods and Service Tax, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues, as applicable to it, with the appropriate authorities. There are no arrears of outstanding statutory dues as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are not any statutory dues referred in sub- clause (a) which have not been deposited on account of any dispute. Therefore, the provisions of Clause (vii)(b) of paragraph 3 of the order are not applicable to the Company.
- (viii) According to the information and explanations given to us, the Company did not have any transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of any loan or other borrowings or any interest due thereon to any lender.





- (b) In our opinion and according to the information and explanations given to us, the company has not been a declared wilful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the loans were applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been utilised for long term purposes.
- (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 money by way of initial public offer or further public offer (including debt instruments). Therefore, the provisions of Clause (x)(a) of paragraph 3 of the order are not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the company has not made preferential allotment or private placement of shares during the year and the requirements of section 42 and section 62 of the Companies Act, 2013 is not applicable for the year.
- (xi) (a) We have not noticed any case of fraud by the company or any fraud on the Company by its officers or employees during the year. The management has also not reported any case of fraud during the year.
- (b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As auditor, we did not receive any whistle- blower complaint during the year.
- (xii) The company is not a Nidhi Company. Therefore, the provisions of Clause (xii) of paragraph 3 of the order are not applicable to the Company.
- (xiii) As per the information and explanations received to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable, and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards. Identification of related parties were made and provided by the management of the company.





(xiv) The company being a producer company is covered by section 378ZF of the Companies Act, 2013, related to appointment of internal auditor of the company. Internal audit for the financial year 2021-22 was conducted by the internal auditor and the report was submitted to the management. We have verified this report and have considered the comments of the internal auditor while framing our opinion.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him for the year under review. Therefore, the provisions of Clause (xv) of paragraph 3 of the order are not applicable to the Company.

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

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities during the year.

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) As per the information and explanations received, the group does not have any CIC as part of the group.

(xvii) The company has incurred a cash loss of Rs 38,46,286 in the current financial year (Rs 12,98,846 for the FY 2020-21)

(xviii) There has been no resignation of the previous statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is 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.

Even though we have qualified the going concern assumption in our report based on our audited financial statements, based on our understanding of the management's evaluation of future prospects of the company, there is no material uncertainty that the company will not be 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) There is not liability of the company under the provisions of section 135 of the Companies Act, relating to Corporate Social Responsibility. Therefore, the provisions of Clause (xx) of paragraph 3 of the order are not applicable to the Company.





(xxi) The company has not made investments in subsidiary company. Therefore, the company does not require to prepare consolidated financial statement. Therefore, the provisions of Clause (xxi) of paragraph 3 of the order are not applicable to the Company.

For G S P AND COMPANY LLP  
Chartered Accountants  
Firm Registration No: 018184S/S000048



**CA. R Sreekumar FCA**  
Designated Partner, Mem. No – 212938,  
UDIN: 22212938AOYHIR1146

Thiruvananthapuram  
Date: 31/07/2022







# ONATTUKARA COCONUT PRODUCER COMPANY LTD.

CIN: U01133KL2015PTC037897

AN ISO 9001:2015 22000:2018 Certified Company

VETTICODE, PALLICKAL P.O, KATTANAM, ALAPPUZHA, KERALA. PIN 690 503

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## Significant Accounting policies and Notes to Financial Statements for the year ended 31<sup>st</sup> March 2021

### 1. Company Overview

Onattukara Coconut Producer Company Limited is a dream initiative of Coconut farmers of Ambalappuzha, Chenganoor, Mavelikara and Karthikappally Taluks of Alappuzha district. The company constitutes 11 Federations from 129 CPSs and is located at Vetticode in Kattanam Village of Mavelikara Taluk. The company is engaged in procurement of Coconut and Copra from farmers and extraction of coconut oil and marketing the end products in wholesale and retail markets. The Company owns excellent coconut based diversified products manufacturing facility. The company is also manufacturing/trading other coconut-based value-added products like coconut hair oil, coconut chips, chutney powder etc.

### 1A. Going Concern

The outbreak of COVID-19 pandemic globally and in India is causing significant disruption and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations at the time of accounts for the year ended March'2022 and based thereon and keeping in view the current indicators of future economic conditions, there is no significant impact on the financial Results for the year ended March'2022 and accordingly accounts have been prepared on a going concern basis. The impact of the pandemic may be different from that estimated as at that date of finalization and subsequent approval of these financial Results. The company will continue to closely monitor any material changes in economic conditions in future.

### 2. Significant accounting policies: The significant accounting policies are as follows

#### a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India [Indian GAAP] to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (the 2013 Act") The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the Preparation of the financial statements are consistent with those followed in the Previous year.

The Financial Statements are presented in Indian Rupee ("INR"), which is the Company's functional currency and all values are rounded to the nearest hundreds, except when otherwise indicated.





**b. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions considered in the reported Amounts of assets and liabilities [including contingent liabilities] and the Reported income and expenses during the year, the management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which results are known/materialize. Useful life for fixed assets estimated by the management is as follows: -

ASSET	USEFUL LIFE
Computer and accessories (including software)	3 years
Electrical equipment and fittings	10 years
Furniture and fixtures	10 years
Factory Building	30 Years
Plant and Machinery	15 years

When parts of an item of Fixed Assets/Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares relating to Fixed Assets/Property, Plant and Equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

**c. Cash and cash equivalents (for the purposes of Cash Flow Statement)**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances [with an original maturity of three months or less from the date of acquisition], highly liquid investments that were readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**d. Cash flow statement**

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.

**e. Revenue recognition**

Sales are recognized, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyers, which generally coincides with the delivery of goods to customers.





#### **f. Other income**

Interest income on deposits is recognized on a time proportion basis.

#### **g. Property, Plant and Equipment and Intangible Assets**

##### **Property, Plant and Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure in making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on Property, plant and equipment after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

##### **Intangible assets**

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life. The company capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of three years.

##### **h. Capital work-in-progress**

Assets which are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

##### **i. Depreciation and amortization**

Depreciation on tangible and intangible property, plant and equipment has been provided on written down value basis as per the useful life of the assets assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of assets, the operating condition of the asset, past history of replacements, anticipated technological changes, manufacturer warranties and maintenance support etc.

##### **j. Inventories**

Inventories comprise finished goods, work in progress and raw materials. Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is determined using weighted average method. Cost includes all charges incurred in bringing the inventories to their present location and condition. Finished goods include appropriate proportion of overheads.





**k. Back ended credit subsidy, equity grant & Venture Capital Assistance (loan)**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants "subsidies will be received. Government grants related to depreciable property, plant and equipment are treated as deferred grants which is recognised in the statement of profit and loss on a systematic and rational basis over the useful life of the asset, i.e., depreciation charge on assets procured from such grants is appropriated from Deferred Grant and recognized in the Statement of Profit and Loss by way of reduced depreciation charge.

Revenue grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, a systematic basis and are deducted in reporting the related expense.

**m. Earnings per share**

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

**n. Taxes on income**

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

Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, there are unabsorbed depreciation and carry forward losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off





**o. Borrowing cost**

Borrowing costs includes interest and ancillary costs incurred. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, pertaining to the period from commencement of activities relating to construction/development of qualifying asset up to the date of capitalization of such asset, are capitalized as part of the cost of that asset.

All other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

**p. Impairment of assets**

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment to determine whether there is any indication that those assets suffered an impairment loss, If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time, value of money and the risks specific to the asset,

Reversal of impairment loss is recognized as income in the statement of profit and loss.

**q. Provisions and contingencies**

Provision is recognized when the Company has present obligation as a result past event and its probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes to accounts.

**r. Leases**

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases, lease rent under operating leases are recognized in the statement of profit and loss account on straight line basis.

**s. Material events**

Material adjusting events occurring after the Balance Sheet date are taken into cognizance.





**t. Operating Cycle**

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

For and on behalf of the Board of Directors

For G S P AND COMPANY LLP  
Chartered Accountants



BABURAJAN SUKUMARAN  
DIN: 02873812  
Director



CA R Sreekumar FCA  
Designated Partner  
(Mem. No. 212938)  
FRN : 018184S/S000048  
UDIN: 22212938AOYHIR1146



K S ALEXANDER  
DIN: 06980751  
Director



REMANY GOPALAKRISHNAN  
PAN: AAQPG8283M  
Chief Executive Officer

Kattanam  
31/07/2022