

**POCL Future Tech Private Limited****Balance Sheet as at March 31,2023**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

|  | Notes | As at<br>March 31,2023 |
|--|-------|------------------------|
| <b>ASSETS</b>  |       |                        |
| <b>Non-current assets</b>                                  |       |                        |
| (a) Property, plant and equipment                          | 4     | 1,000.74               |
| (b) Capital work in progress                               | 4     | 464.17                 |
| (c) Other non-current Financial assets                     | 5     | 207.77                 |
| (d) Deferred Tax Asset (net)                               | 6     | 1.54                   |
| <b>Total non-current assets</b>                            |       | <b>1,674.22</b>        |
| <b>Current assets</b>                                      |       |                        |
| (a) Inventories  | 7     | 975.64                 |
| (b) Financial assets                                       |       |                        |
| (i) Trade receivables                                      | 8     | 235.08                 |
| (ii) Cash and cash equivalents                             | 9     | 0.41                   |
| (c) Other current assets                                   | 10    | 497.64                 |
| <b>Total current assets</b>                                |       | <b>1,708.77</b>        |
| <b>Total Assets</b>  |       | <b>3,382.99</b>        |
| <b>EQUITY AND LIABILITIES</b>                              |       |                        |
| <b>Equity</b>  |       |                        |
| (a) Equity share capital                                   | 11    | 99.99                  |
| (b) Other equity   | 12    | 450.36                 |
| <b>Total equity</b>  |       | <b>550.35</b>          |
| <b>Liabilities</b>   |       |                        |
| <b>Non-current liabilities</b>                             |       |                        |
| (a) Financial liabilities                                  |       |                        |
| (ii) Lease Liability                                       | 13    | 764.92                 |
| <b>Total non-current liabilities</b>                       |       | <b>764.92</b>          |
| <b>Current liabilities</b>                                 |       |                        |
| (a) Financial liabilities                                  |       |                        |
| (i) Borrowings   | 14    | 500.12                 |
| (ia) Lease Liability                                       | 13    | 113.72                 |
| (ii) Trade payables  |       |                        |
| - Dues to Micro and Small enterprises                      |       | 31.98                  |
| - Dues to Creditors other than Micro and Small enterprises | 15    | 59.49                  |
| (c) Other current liabilities                              | 16    | 1,362.41               |
| <b>Total current liabilities</b>                           |       | <b>2,067.72</b>        |
| <b>Total Liabilities</b>                                   |       | <b>2,832.64</b>        |
| <b>Total Equity and Liabilities</b>                        |       | <b>3,382.99</b>        |

The accompanying notes form an integral part of the financial statements

For and on behalf of the board

**Ashish Bansal**  
Director  
DIN: 01543967**K.Kumaravel**  
Director  
DIN: 00664405As per our report of even date attached  
For M/s. L. Mukundan and Associates  
Chartered Accountants  
(FRN No.010283S)**L. Mukundan**  
Partner  
M.No.204372Place : Chennai  
Date : May 29, 2023Place : Chennai  
Date : May 29, 2023

**POCL Future Tech Private Limited****Statement of profit and loss for the year ended March 31,2023**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

|  | Notes | For the year ended<br>March 31,2023 |
|--|-------|-------------------------------------|
| <b>Continuing Operations</b>                               |       |                                     |
| <b>A Income</b>  |       |                                     |
| (a) Revenue from operations                                | 17    | 612.38                              |
| (b) Other income   | 18    | 1.98                                |
| <b>Total income</b>  |       | <b>614.36</b>                       |
| <b>B Expenses</b>  |       |                                     |
| (a) Cost of materials consumed                             | 19    | 308.13                              |
| (b) Purchases of Stock in Trade                            | 20    | 602.29                              |
| (c) Changes in inventories of finished goods and WIP       | 21    | (410.18)                            |
| (d) Employee benefits expense                              | 22    | 39.64                               |
| (e) Finance costs  | 23    | 0.12                                |
| (f) Depreciation and amortisation expense                  | 24    | 15.44                               |
| (g) Other expenses   | 25    | 205.04                              |
| <b>Total expenses</b>                                      |       | <b>760.48</b>                       |
| <b>C Profit before exceptional items and tax</b>           |       | <b>(146.12)</b>                     |
| Exceptional items  |       | -                                   |
| <b>D Profit before tax from continuing operations</b>      |       | <b>(146.12)</b>                     |
| Tax expense  | 26    |                                     |
| (a) Current tax  |       | -                                   |
| (b) Deferred tax charge/ (credit)                          |       | (1.53)                              |
| <b>Profit for the year</b>                                 |       | <b>(144.59)</b>                     |
| <b>E Other comprehensive income</b>                        |       |                                     |
| Items that will not be reclassified to profit or loss      |       |                                     |
| Remeasurement of post employment benefit obligations       |       | -                                   |
| Income tax (charge)/ credit relating to these items        |       | -                                   |
| <b>Other comprehensive income for the year, net of tax</b> |       | <b>-</b>                            |
| <b>Total comprehensive income for the year</b>             |       | <b>(144.59)</b>                     |
| <b>Earnings per share</b>                                  | 27    |                                     |
| Basic earnings per share                                   |       | (14.46)                             |
| Diluted earnings per share                                 |       | (14.46)                             |

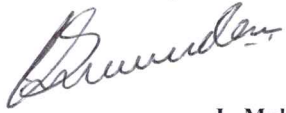
The accompanying notes form an integral part of the financial statements

For and on behalf of the board

As per our report of even date attached  
**For M/s. L. Mukundan and Associates**  
Chartered Accountants  
(FRN No.010283S)

  
**Ashish Bansal**  
Director  
DIN: 01543967

  
**K.Kumaravel**  
Director  
DIN: 00664405

  
**L. Mukundan**  
Partner  
M.No.204372



Place : Chennai  
Date : May 29, 2023

Place : Chennai  
Date : May 29, 2023

**POCL Future Tech Private Limited**

Statement of cash flows for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| Particulars   | For the year ended<br>March 31,2023 |
|---|-------------------------------------|
| <b>Cash Flow From Operating Activities</b>  |                                     |
| Profit before income tax  | (146.12)                            |
| Adjustments for   |                                     |
| Depreciation and amortisation expense   | 15.44                               |
| Interest income   | (1.98)                              |
| Finance costs   | 0.12                                |
| Operating Profit before working capital changes   | (132.54)                            |
| Change in operating assets and liabilities  |                                     |
| (Increase)/ decrease in other financial assets  | (207.77)                            |
| (Increase)/ decrease in inventories   | (975.64)                            |
| (Increase)/ decrease in trade receivables   | (235.08)                            |
| (Increase)/ decrease in other assets  | (494.09)                            |
| Increase/ (decrease) in provisions and other liabilities  | 1,362.40                            |
| Increase/ (decrease) in trade payables  | 91.47                               |
| Cash generated from operations  | (591.25)                            |
| Less : Income taxes paid (net of refunds)   | (1.57)                              |
| <b>Net cash from operating activities (A)</b>   | <b>(592.82)</b>                     |
| <b>Cash Flows From Investing Activities</b>   |                                     |
| Purchase of PPE (including changes in CWIP)   | (601.71)                            |
| <b>Net cash used in investing activities (B)</b>  | <b>(601.71)</b>                     |
| <b>Cash Flows From Financing Activities</b>   |                                     |
| Proceeds from from issue of Shares  | 694.94                              |
| Proceeds from/ (repayment of) short term borrowings   | 500.12                              |
| Finance costs   | (0.12)                              |
| <b>Net cash from/ (used in) financing activities (C)</b>  | <b>1,194.94</b>                     |
| <b>Net increase/decrease in cash and cash equivalents (A+B+C)</b>   | <b>0.41</b>                         |
| Cash and cash equivalents at the beginning of the financial year  | -                                   |
| <b>Cash and cash equivalents at end of the year</b>   | <b>0.41</b>                         |
| <b>Notes:</b>   |                                     |
| 1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements". |                                     |
| 2. Components of cash and cash equivalents  |                                     |
| Balances with banks   |                                     |
| - in current accounts   | -                                   |
| - in EEFC Account   | -                                   |
| Cash on hand  | 0.41                                |
|   | 0.41                                |

For and on behalf of the board

As per our report of even date attached

For M/s. L. Mukundan and Associates

Chartered Accountants

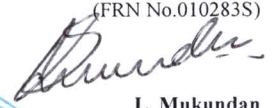
(FRN No.010283S)



**Ashish Bansal**  
Director  
DIN: 01543967



**K. Kumaravel**  
Director  
DIN: 00664405



**L. Mukundan**  
Partner  
M.No.204372

Place : Chennai  
Date : May 29, 2023

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Date : May 29, 2023

# POCL Future Tech Private Limited

## Statement of Changes in Equity for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### (A) Equity Share Capital

|   |       |
|---|-------|
| Balance as at April 01, 2022                    | -     |
| Changes in equity share capital during the year | 99.99 |
| Balance as at March 31, 2023                    | 99.99 |

### (B) Other Equity

| Particulars                             | Securities Premium | Retained Earnings | Total         |
|---|--------------------|-------------------|---------------|
| Balance as at April 01,2022             | -                  | -                 | -             |
| Additions/ (deductions) during the year | 594.95             | -                 | 594.95        |
| Total Comprehensive Income for the year | -                  | (144.59)          | (144.59)      |
| <b>Balance as at March 31, 2023</b>     | <b>594.95</b>      | <b>(144.59)</b>   | <b>450.36</b> |

The accompanying notes form an integral part of the financial statements

For and on behalf of the board



**Ashish Bansal**

Director

DIN: 01543967



**K.Kumaravel**

Director

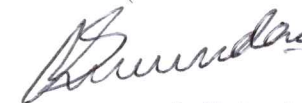
DIN: 00664405

As per our Report of even date attached

**For M/s. L. Mukundan and Associates**

Chartered Accountants

(FRN No.010283S)



**L. Mukundan**

Partner

M.No.204372



Place : Chennai

Date : May 29, 2023

Place : Chennai

Date : May 29, 2023

# POCL Future Tech Private Limited

Notes to Standalone Financial Statements for the year ended March 31,2023

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## 1 Corporate Information

POCL Future Tech Private Limited is incorporated during this financial year is principally engaged in the business of manufacturing and sale of Plastics and its allied products and the unit is located at Sriperumbudur, Kancheepuram, Tamilnadu. The entire share capital of the company is held by Pondy Oxides and Chemicals Limited and hence POCL Future Tech Private Limited is the Wholly owned Subsidiary of Pondy Oxides and Chemicals Limited.

## 2 Basis of preparation of financial statements

### Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on May 29, 2023.

## 2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### Property, Plant and Equipment (PPE), Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

### Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

### Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

**Impairment of Non-financial assets (PPE/ Intangible Assets/ Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

**Defined Benefit Plans and Other long term employee benefits**

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

**3 Significant Accounting Policies**

**a) Current versus non-current classification**

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

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

# POCL Future Tech Private Limited

## Notes to Standalone Financial Statements for the year ended March 31,2023

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

All other liabilities are classified as non-current.

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

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

### b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The

component wise fair value measurement is disclosed in the relevant notes.

**c) Revenue Recognition**

**Sale of goods**

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

**Sale of services**

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

**Export entitlements**

In respect of the exports made by the Company, the related export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive the incentives/ entitlements as per the terms of the scheme is established and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**Interest Income**

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend income**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

**Rental income**

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

**d) Property, plant and equipment and capital work in progress**

**Presentation**

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment acquired in a business combination are recognised at fair value at the acquisition date.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital

# POCL Future Tech Private Limited

## Notes to Standalone Financial Statements for the year ended March 31,2023

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advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

### **Component Cost**

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

### **Derecognition**

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **e) Depreciation on property, plant and equipment**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on written down value method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and/or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs.5000 each or less are fully depreciated retaining its residual value.

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

### **f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is initially recognised based on the accounting policy for business combinations and is tested for impairment annually.

### **Useful life and amortisation of intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful

life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**Subsequent cost and measurement**

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

**g) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

**h) Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

**(i) Raw materials, stock acquired for trading, packing materials and consumables:** At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

**(ii) Work-in-process and intermediates:** At material cost, conversion costs and appropriate share of production overheads

(iii) **Finished goods:** At material cost, conversion costs and an appropriate share of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **i) Financial Instruments**

Financial assets and Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

#### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are initially recognised at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### **Debt instruments at amortised cost**

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

##### **Debt instrument at FVTOCI**

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

# POCL Future Tech Private Limited

Notes to Standalone Financial Statements for the year ended March 31,2023

## Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

## Equity investments

The Company has accounted for Investment in subsidiaries at cost less impairment loss if any.

All equity investments under scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

| Classification | Name of the financial asset   |
|----------------|---|
| Amortised cost | Trade receivables, Loans given to employees and others, deposits, interest receivable, unbilled revenue and other advances recoverable in cash. |
| FVTOCI         | Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.               |
| FVTPL          | Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).       |

## Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

## Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.

# POCL Future Tech Private Limited

## Notes to Standalone Financial Statements for the year ended March 31,2023

- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

| Name of the financial asset | Impairment Testing Methodology  |
|-----------------------------|---|
| Trade Receivables           | Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the |

# POCL Future Tech Private Limited

Notes to Standalone Financial Statements for the year ended March 31,2023

|                                    |  |
|------------------------------------|--|
|                                    | expected cash loss from these assets.  |
| <b>Name of the financial asset</b> | <b>Impairment Testing Methodology</b>  |
| Other financial assets             | When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL. |

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

### Financial liabilities at FVTPL

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

| <b>Classification</b> | <b>Name of the financial liability</b>   |
|-----------------------|--|
| Amortised cost        | Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.                     |
| FVTPL                 | Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading. |

### Loans and borrowings

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

the EIR amortisation process.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

**(a) Derivatives fair valued through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in profit or loss. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Reclassification of financial assets**

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

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

| S.No | Original classification | Revised classification | Accounting treatment |
|------|-------------------------|------------------------|----------------------|
|------|-------------------------|------------------------|----------------------|

# POCL Future Tech Private Limited

## Notes to Standalone Financial Statements for the year ended March 31,2023

|   |                |                |  |
|---|----------------|----------------|--|
| 1 | Amortised cost | FVTPL          | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.   |
| 2 | FVTPL          | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.   |
| 3 | Amortised cost | FVTOCI         | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.   |
| 4 | FVTOCI         | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| 5 | FVTPL          | FVTOCI         | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.  |
| 6 | FVTOCI         | FVTPL          | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.  |

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### j) Foreign currency transactions and translations

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### k) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are

# POCL Future Tech Private Limited

## Notes to Standalone Financial Statements for the year ended March 31,2023

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capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

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

### **l) Government grants**

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

### **m) Taxes**

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Uncertainty over Income Tax Treatments clarifies that while determining the taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

# **POCL Future Tech Private Limited**

## **Notes to Standalone Financial Statements for the year ended March 31,2023**

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **n) Retirement and other employee benefits**

#### **Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### **Defined contribution plans**

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

#### **Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

Employee Benefits in connection with Plan amendments, curtailments and settlements, to use updated assumptions to determine current service cost to be updated and to recognise in profit or loss as part of past service cost or gain or loss on settlement.

#### **Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to

be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**Other long term employee benefits**

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

**o) Leases**

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

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**p) Impairment of non financial assets**

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

**q) Provisions, contingent liabilities and contingent asset****Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

**Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

**r) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

**s) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before 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.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

**t) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

**u) Business Combination**

Business combinations are accounted for using the acquisition method as at the date of the acquisition, which is the date at which control is transferred to the Company.

The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost being the excess of aggregate consideration transferred over the net identifiable assets and liabilities. Transaction costs are recognised in profit & loss account.

**POCL Future Tech Private Limited**  
Notes to Financial Statements for the year ended March 31,2023  
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 a) Property, plant and equipment

| Particulars                      | Tangible Assets |           |                     |               |                        |              |                  |                     |               |                    | Intangible Assets |          |
|----------------------------------|-----------------|-----------|---------------------|---------------|------------------------|--------------|------------------|---------------------|---------------|--------------------|-------------------|----------|
|                                  | Owned Assets    |           |                     |               |                        |              |                  |                     |               | Right of Use Asset |                   | Total    |
|                                  | Free hold Land  | Buildings | Plant and Equipment | Lab Equipment | Furniture and Fixtures | Vehicles     | Office Equipment | Electrical Fittings | Sub Total     | Leasehold Land     |                   |          |
| Cost as at April 01, 2022        | -               | -         | -                   | -             | -                      | -            | -                | -                   | -             | -                  | -                 | -        |
| Additions                        |                 |           | -                   | 4.99          | 4.00                   | 28.74        | 34.82            | 65.00               | 137.55        | 878.63             | 1,016.18          |          |
| Disposals                        |                 |           | -                   | -             | -                      | -            | -                | -                   | -             | -                  | -                 |          |
| <b>Cost as at March 31, 2023</b> | <b>-</b>        | <b>-</b>  | <b>-</b>            | <b>4.99</b>   | <b>4.00</b>            | <b>28.74</b> | <b>34.82</b>     | <b>65.00</b>        | <b>137.55</b> | <b>878.63</b>      | <b>1,016.18</b>   | <b>-</b> |
| <b>Depreciation/Amortisation</b> |                 |           |                     |               |                        |              |                  |                     |               |                    |                   |          |
| As at April 01, 2022             | -               | -         | -                   | -             | -                      | -            | -                | -                   | -             | -                  | -                 | -        |
| Charge for the year              |                 |           |                     | 0.22          | 0.90                   | 2.75         | 5.58             | 5.99                | 15.44         | -                  | 15.44             |          |
| Disposals                        |                 |           |                     | -             | -                      | -            | -                | -                   | -             | -                  | -                 |          |
| <b>As at March 31, 2023</b>      | <b>-</b>        | <b>-</b>  | <b>-</b>            | <b>0.22</b>   | <b>0.90</b>            | <b>2.75</b>  | <b>5.58</b>      | <b>5.99</b>         | <b>15.44</b>  | <b>-</b>           | <b>15.44</b>      | <b>-</b> |
| <b>Net Block</b>                 |                 |           |                     |               |                        |              |                  |                     |               |                    |                   |          |
| As at April 1, 2022              | -               | -         | -                   | -             | -                      | -            | -                | -                   | -             | -                  | -                 | -        |
| As at March 31, 2023             | -               | -         | -                   | 4.77          | 3.10                   | 25.99        | 29.24            | 59.01               | 122.11        | 878.63             | 1,000.74          | -        |

b) Capital work-in-progress

Capital work-in-progress as at March 31, 2023 is Rs. 464.17 Lakhs (Previous Year - Rs. Nil Lakhs).

Ageing for capital work-in-progress groupwise as at March 31, 2023 is as follows

| Particulars                    | Amount in work-in-progress for a period of |             |             |                   | Total         |
|--------------------------------|--|-------------|-------------|-------------------|---------------|
|                                | Less than 1 year                           | 1 - 2 years | 2 - 3 years | More than 3 years |               |
| Projects in progress           | 464.17                                     | -           | -           | -                 | 464.17        |
| Projects temporarily suspended | -  | -           | -           | -                 | -             |
| <b>Total</b>                   | <b>464.17</b>                              | <b>-</b>    | <b>-</b>    | <b>-</b>          | <b>464.17</b> |

**POCL Future Tech Private Limited**

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

|   | As at<br>March 31,2023 |
|---|------------------------|
| <b>5 Other non-current financial assets</b>                           |                        |
| Fixed Deposits (maturing after 12 months from end of reporting date)* | 13.25                  |
| Security deposits   | 194.52                 |
|   | <u>207.77</u>          |
| <b>6 Deferred Tax Asset / (Liability) - Net</b>                       |                        |
| <b>Deferred Tax Asset</b>   |                        |
| On Fixed Assets   | 1.46                   |
| On expenses allowed under Income Tax on payment basis                 | 0.08                   |
|   | <u>1.54</u>            |
| Net deferred tax asset / (liability)                                  | <u>1.54</u>            |
| <b>7 Inventories</b>  |                        |
| Raw materials   | 565.45                 |
| Finished goods  | 294.37                 |
| Stock of traded goods   | 114.74                 |
| Stores and spares   | 1.08                   |
|   | <u>975.64</u>          |
| <b>8 Trade receivables</b>  |                        |
| Considered good - Secured   | -                      |
| Considered good - Unsecured   | 235.08                 |
|   | <u>235.08</u>          |

Ageing for trade receivables – current outstanding as at March 31, 2023 is as follows :

| Particulars  | Not Due | Outstanding for following periods from due date of payment |                   |           |           |                   | Total  |
|--|---------|--|-------------------|-----------|-----------|-------------------|--------|
|  |         | Less than Six Months                                       | 6 Months – 1 Year | 1-2 Years | 2-3 Years | More than 3 Years |        |
| (i) Undisputed Trade receivables – considered good                                 | -       | 235.08   | -                 | -         | -         | -                 | 235.08 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -       | -  | -                 | -         | -         | -                 | -      |
| (iii) Undisputed Trade Receivables – credit impaired                               | -       | -  | -                 | -         | -         | -                 | -      |
| (iv) Disputed Trade Receivables– considered good                                   | -       | -  | -                 | -         | -         | -                 | -      |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -       | -  | -                 | -         | -         | -                 | -      |
| (vi) Disputed Trade Receivables – credit impaired                                  | -       | -  | -                 | -         | -         | -                 | -      |
| <b>Total</b>   | -       | 235.08   | -                 | -         | -         | -                 | 235.08 |

|   |               |
|---|---------------|
| <b>9 Cash and cash equivalents</b>                  |               |
| Cash in hand  | 0.41          |
| Balances with banks                                 | -             |
|   | <u>0.41</u>   |
| <b>10 Other current assets</b>                      |               |
| GST / Rebate Receivables                            | 243.25        |
| Interest accrued on Deposits                        | 1.98          |
| Balances with government authorities                | 1.34          |
| Advances to Employees                               | 0.75          |
| Others - Suppliers Advance (including for expenses) | 248.75        |
| Other current assets                                | 1.57          |
|   | <u>497.64</u> |

**POCL Future Tech Private Limited**

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

As at  
March 31,2023**11 Capital****Authorised Share Capital**

10,00,000 Equity shares of Rs. 10 each

100.00

100.00**Issued Share Capital**

9,99,925 Equity shares of Rs. 10 each

99.99

99.99**Subscribed and fully paid up share capital**

9,99,925 Equity shares of Rs. 10 each

99.99

99.99**Notes:****(a) Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year

-

Add: Shares allotted during the year

99.99

**Balance at the end of the year**99.99**(b) Shareholders holding more than 5% of the total share capital**

| Name of the share holder           | March 31,2023 |      |
|------------------------------------|---------------|------|
|                                    | No of shares  | %    |
| Pondy Oxides and Chemicals Limited | 9,99,925      | 100% |

**(c) Rights, preferences and restrictions in respect of equity shares issued by the Company**

The company has only one class of equity shares having a par value of Rs.10 each. The equity shares of the company having par value of Rs.10/- rank pari-passu in all respects including voting rights and entitlement to dividend.

**(d) Disclosure of shareholding of promoters as at 31st March, 2023 is as follows**

| Name of the share holder           | March 31,2023 |      | % change during the year |
|------------------------------------|---------------|------|--------------------------|
|                                    | No of shares  | %    |                          |
| Pondy Oxides and Chemicals Limited | 9,99,925      | 100% | 100%                     |
| Total                              | 9,99,925      |      |                          |

**12 Other Equity**

Securities Premium

594.95

Retained Earnings

(144.59)

450.36**a) Securities Premium**

Balance at the beginning and end of the year

-

Additions on account of business combination

594.95

Balance at the end of the year

594.95**b) Retained Earnings****Opening balance**

-

Net loss for the period

(144.59)

**Closing balance**(144.59)

**POCL Future Tech Private Limited**

**Notes to Financial Statements for the year ended March 31,2023**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

|   | As at<br>March 31,2023 |
|---|------------------------|
| <b>13 Lease Liability</b>   |                        |
| a) Opening balance  | -                      |
| b) Additions  | 878.64                 |
| c) Interest accrued   | -                      |
| d) Repayments (Principal & interest)                              | -                      |
| Closing balance   | <u>878.64</u>          |
| Lease liabilities carry an effective interest rate of 8.75 %      |                        |
| <b>Breakup of lease liabilities</b>                               |                        |
| Current   | 764.92                 |
| Non Current   | 113.72                 |
|   | <u>878.64</u>          |
| <b>14 Current liabilities - Financial Liabilities: Borrowings</b> |                        |
| <b>Secured</b>  |                        |
| Loans repayable on Demand   |                        |
| From banks  |                        |
| Rupee Loans   | 500.12                 |
|   | <u>500.12</u>          |

**Notes:**

- (a) Working Capital loans are secured by hypothecation of present and future stock of raw materials, stock-in-process, finished goods, stores and spares, book debts, materials in transit, etc., and guaranteed by Holding company. The above working capital facilities availed from banks are additionally secured by a charge / mortgage on all fixed assets of the company. The loans carry interest in the range of 7% to 9%

**15 Trade payables**

|  |              |
|--|--------------|
| Dues to Micro and Small enterprises *                    | 31.98        |
| Dues to Creditors other than Micro and Small enterprises | 59.49        |
|  | <u>91.47</u> |

\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. There are no interest due and outstanding as at the reporting date. Please refer Note 29.

Ageing for trade payables – current outstanding as at March 31, 2023 is as follows :

| Particulars               | Not Due     | Outstanding for following periods from due date of payment |           |           |                   | Total        |
|---------------------------|-------------|--|-----------|-----------|-------------------|--------------|
|                           |             | Less than one Year   | 1-2 Years | 2-3 Years | More than 3 Years |              |
| i) MSME                   |             | 31.98  | -         | -         | -                 | 31.98        |
| ii) Others                |             | 58.49  | -         | -         | -                 | 58.49        |
| iii) Disputed dues– MSME  |             | -  | -         | -         | -                 | -            |
| iv) Disputed dues– Others |             | -  | -         | -         | -                 | -            |
| v) Accrued Expenses       | 1.00        | -  | -         | -         | -                 | 1.00         |
| <b>Total</b>              | <b>1.00</b> | <b>90.47</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>91.47</b> |

**16 Other current liabilities**

|                                     |                 |
|-------------------------------------|-----------------|
| Statutory Dues Payable              | 3.17            |
| Employee benefits payable           | 9.13            |
| Advance and deposits from customers | 0.03            |
| Current account credit balance      | 1,309.55        |
| Other payables                      | 40.53           |
|                                     | <u>1,362.41</u> |

**POCL Future Tech Private Limited**

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

For the year ended  
March 31,2023**17 Revenue from operations**

|                    |               |
|--------------------|---------------|
| Sale of Products   |               |
| Manufactured Goods | 100.80        |
| Traded Goods       | 511.58        |
|                    | <u>612.38</u> |

**18 Other income**

|                   |             |
|-------------------|-------------|
| Interest receipts | 1.98        |
|                   | <u>1.98</u> |

**19 Cost of materials consumed**

|   |               |
|---|---------------|
| Opening inventory of raw materials        | -             |
| Add : Purchases                           | 873.58        |
| Less : Closing inventory of raw materials | (565.45)      |
|   | <u>308.13</u> |

**20 Purchases of Stock in Trade**

|  |               |
|--|---------------|
| Purchases of Stock in Trade - Plastics | 602.29        |
|  | <u>602.29</u> |

**21 Changes in inventories of work-in-progress, stock in trade and finished goods****Opening Balance**

|                  |          |
|------------------|----------|
| Work-in-progress | -        |
| Finished goods   | -        |
| Stock in trade   | -        |
|                  | <u>-</u> |

**Closing Balance**

|                |               |
|----------------|---------------|
| Finished goods | 295.44        |
| Stock in trade | 114.74        |
|                | <u>410.18</u> |

Net (increase)/decrease in inventories (410.18)**22 Employee benefits expense**

|                        |              |
|------------------------|--------------|
| Salaries and wages     | 32.99        |
| Staff welfare expenses | 6.65         |
|                        | <u>39.64</u> |

**23 Finance Cost**

|                             |             |
|-----------------------------|-------------|
| Interest on Bank Borrowings | 0.12        |
|                             | <u>0.12</u> |

**24 Depreciation and amortisation expense**

|   |              |
|---|--------------|
| Depreciation on Property, Plant and Equipment | 15.44        |
|   | <u>15.44</u> |

**POCL Future Tech Private Limited**

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

|   |               |
|---|---------------|
| <b>25 Other expenses</b>                    |               |
| Power and Fuel                              | 20.97         |
| Consumption of Packing Materials            | 10.81         |
| Conversion Charges                          | 62.66         |
| Contract Wages                              | 5.64          |
| Repairs and Maintenance                     |               |
| Plant and Machinery                         | 0.53          |
| Vehicles                                    | 1.53          |
| Others                                      | 0.56          |
| Factory expenses                            | 33.40         |
| Freight and Forwarding                      | 9.99          |
| Insurance                                   | 3.91          |
| Laboratory Expenses                         | 0.14          |
| Legal and professional charges              | 0.26          |
| Payments to Auditors [refer note 25 (a)]    | 1.18          |
| Communication expenses                      | 1.84          |
| Printing and Stationery                     | 0.34          |
| Rates and Taxes                             | 6.15          |
| Rent  | 35.34         |
| Travelling and Conveyance                   | 5.46          |
| Bank charges                                | 2.23          |
| Miscellaneous Expenses                      | 2.10          |
|   | <u>205.04</u> |
| <b>25 (a) Payment to auditors</b>           |               |
| Statutory Audit fees                        | 1.00          |
| Other Certifications                        | 0.18          |
|   | <u>1.18</u>   |
| <b>26 Income tax expense</b>                |               |
| <b>(a) Income tax expense</b>               |               |
| <b>Current tax</b>                          |               |
| Current tax on profits for the year         | -             |
| <b>Total current tax expense</b>            | <u>-</u>      |
| <b>Deferred tax</b>                         |               |
| Deferred tax adjustments                    | (1.53)        |
| <b>Total deferred tax expense/(benefit)</b> | <u>(1.53)</u> |
| <b>Income tax expense</b>                   | <u>(1.53)</u> |

**POCL Future Tech Private Limited**

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

For the year ended  
March 31,2023**b) The income tax expense for the year can be reconciled to the accounting profit as follows:**

|  |          |
|--|----------|
| Profit before tax from continuing operations | (146.12) |
| Income tax expense calculated at             | -        |
| Effect of expenses/income that are not       | -        |
| <b>Income tax expense</b>                    | <b>-</b> |

**c) Income tax recognised in other comprehensive income****Deferred tax**

|  |          |
|--|----------|
| Remeasurement of defined benefit obligation                      | -        |
| <b>Total income tax recognised in other comprehensive income</b> | <b>-</b> |

**d) Movement of deferred tax**

| <i>Deferred tax (liabilities)/assets in relation to:</i>     | Opening balance | Recognised in profit or loss | Recognised in Other comprehensive income | Closing balance |
|--|-----------------|------------------------------|--|-----------------|
| Property, plant, and equipment and Intangible Assets         | -               | 1.45                         | -  | 1.45            |
| Expenses allowable on payment basis under the Income Tax Act | -               | 0.08                         | -  | 0.08            |
|  | -               | 1.53                         | -  | 1.53            |
| <b>Total</b>   | -               | 1.53                         | -  | 1.53            |

**27 Earnings per share**For the year ended  
March 31,2023

|   |          |
|---|----------|
| Profit for the year attributable to owners of the Company | (144.59) |
| Weighted average number of ordinary shares outstanding    | 9,99,925 |
| Basic earnings per share (Rs)                             | (14.46)  |
| Diluted earnings per share (Rs)                           | (14.46)  |

**28 Value of imported and indigenous Raw material Consumed during the financial year and the percentage of each to the total con**

| Particulars          | Year ended March 31,2023 |                |
|----------------------|--------------------------|----------------|
|                      | Rs. In Lakhs             | Percentage (%) |
| <b>Raw Materials</b> |                          |                |
| Imported             | 231.83                   | 75.00          |
| Others               | 76.30                    | 25.00          |
|                      | <b>308.13</b>            | <b>100.00</b>  |

## POCL Future Tech Private Limited

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

For the year ended  
March 31,2023

### 29 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

| Particulars   | Year ended<br>March 31,2023 |
|---|-----------------------------|
| (a) The principal amount remaining unpaid at the end of the year                            | 31.98                       |
| (b) The delayed payments of principal amount paid beyond the appointed date during the year | -                           |
| (c) Interest actually paid under Section 16 of MSMED Act                                    | -                           |
| (d) Normal Interest due and payable during the year, for all the delayed payments, as per   | -                           |
| (e) Total interest accrued during the year and remaining unpaid                             | -                           |

\*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 30 Commitments and contingent liability

| Particulars  | Year ended<br>March 31,2023 |
|--|-----------------------------|
| <b>Contingent Liability</b>  |                             |
| Performance/ Finance Guarantees  |                             |
| Liability in respect of Letter of Credit/ Bank Guarantee Opened                                | 13.25                       |
| Guarantee given for Bank Loan to Subsidiary  | -                           |
| <b>Commitments</b>   |                             |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 9.06                        |

### 31 Operating Segments

The operations of the Company falls under a single primary segment i.e., "Plastic" in accordance with Ind AS 108 'Operating Segments' and hence segment reporting is not applicable.

#### Information relating to geographical areas

##### (a) Revenue from external

| Particulars       | Year ended<br>March 31,2023 |
|-------------------|-----------------------------|
| India             | 612.38                      |
| Rest of the world | -                           |
| <b>Total</b>      | <b>612.38</b>               |

##### (b) Non current assets

The manufacturing facilities of the Company is situated in India and no non-current assets are held outside India

##### (c) Information about major customers

| Particulars   | Year ended<br>March 31,2023 |
|---|-----------------------------|
| Number of external customers each contributing more than 10% of total revenue | 2                           |
| Total revenue from the above customers  | 448.69                      |

## POCL Future Tech Private Limited

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### 32 Financial instruments

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

| Gearing Ratio:               | March 31,2023 |
|------------------------------|---------------|
| Debt                         | -             |
| Less: Cash and bank balances | -             |
| Net debt                     | -             |
| <br>                         |               |
| Total equity                 | 550.35        |
| Gearing ratio (%)            | 0.00%         |

#### Categories of Financial Instruments

March 31,2023

##### Financial assets

##### a. Measured at amortised cost

|                                    |        |
|------------------------------------|--------|
| Other non-current financial assets | 207.77 |
| Trade receivables                  | 235.08 |
| Cash and cash equivalents          | 0.41   |

##### b. Mandatorily measured at FVTPL

-

##### Financial liabilities

##### a. Measured at amortised cost

|                               |        |
|-------------------------------|--------|
| Borrowings (current)          | 500.12 |
| Trade payables                | 91.47  |
| Lease Liability (Non Current) | 764.92 |
| Lease Liability (Current)     | 113.72 |

##### b. Mandatorily measured at FVTPL

-

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposure through its finance division and uses derivative instruments such as forward contracts, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

#### Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

#### Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover (a) repayments of specific foreign currency borrowings; (b) the risk associated with anticipated sales and purchase transactions, taking into account the natural hedging on imports & exports and cost of currency to be recovered

#### Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31,2023

| Currency | Liabilities    |                                   |  | Assets         |                                   |                                    | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
|          | Gross exposure | Exposure hedged using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged using derivatives | Net asset exposure on the currency |   |
| USD      | 0.14           | -                                 | 0.14                                   | -              | -                                 | -                                  | (0.14)  |
| In INR   | 11.71          | -                                 | 11.71                                  | -              | -                                 | -                                  | (11.71)   |

## POCL Future Tech Private Limited

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by Rs. 1.50 Lakhs for the year

### Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

#### (a) Trade Receivables

The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

#### (b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved banks/ financial institutions/ counterparty. Investments primarily include bank deposits, investment in units of quoted mutual funds issued by high investment grade funds etc. These bank deposits, mutual funds and counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposits, debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| March 31,2023   | Due in 1st year | Due in 2nd to 5th year | Due after 5th year | Carrying amount |
|---|-----------------|------------------------|--------------------|-----------------|
| Trade payables  | 91.47           | -                      | -                  | 91.47           |
| Borrowings (including interest accrued thereon upto the reporting date) | -               | -                      | -                  | -               |
|   | 91.47           | -                      | -                  | 91.47           |

## POCL Future Tech Private Limited

Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

### 33 Related party disclosure

#### a) List of parties having significant influence

|  |  |
|--|--|
| <b>Holding company</b>                             | Pondy Oxides And Chemicals Limited   |
| <b>Subsidiaries, associates and joint ventures</b> | The Company does not have any subsidiaries, associates and joint ventures              |
| <b>Entities in which directors are interested</b>  | Metier Enterprises (India) Private Limited<br>Harsha Exito Engineering Private Limited |
| <b>Directors</b>                                   | Mr. Ashish Bansal<br>Mr. K Kumaravel<br>Mr. Sri Sabarish S                             |

#### b) Transactions during the year

| S.No | Nature of transactions             | Year ended March<br>31,2023 |
|------|------------------------------------|-----------------------------|
| 1    | Pondy Oxides and Chemicals Limited |                             |
|      | Share Capital                      | 694.94                      |
|      | Purchases                          | 170.16                      |
|      | Sales                              | 21.27                       |

## POCL Future Tech Private Limited

### Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| 34 Ratios                                     | Numerator   | Denominator              | For the year ended<br>March 31,2023 |
|---|---|--------------------------|-------------------------------------|
| a) Current ratio (in times)                   | Current asset   | Current liabilities *    | 0.87                                |
| b) Debt equity ratio (in times)               | Long term debt **                                     | Shareholder's Equity     | -                                   |
| c) Return on equity ratio (in times)          | Net profit after tax                                  | Shareholder's Equity     | (0.26)                              |
| d) Inventory turnover ratio (in times)        | Sale of Products                                      | Average inventory        | 1.26                                |
| e) Trade receivable turnover ratio (in times) | Revenue from operations                               | Average trade receivable | 5.21                                |
| f) Trade payable turnover ratio (in times)    | Net purchases   | Average trade payable    | 32.27                               |
| g) Net capital turnover ratio (in times)      | Revenue from operations                               | Working capital @        | (2.50)                              |
| h) Net profit ratio (in %)                    | Profit after taxes                                    | Revenue from operations  | (0.24)                              |
| i) Return on capital employed (in times)      | Profit before exceptional items, tax and finance cost | Capital employed @@      | (0.27)                              |

\* Current liabilities excluding Current maturities of Long Term Debt & Current lease liabilities

\*\* Long term debt including Current maturities of Long Term Debt

# Earning available for Debt service = Net profit after tax + Non cash expenses like depreciation and amortisation + Interest + other adjustments like loss on sale of fixed assets, etc

## Debt service = Finance cost + Principal repayment made for non current borrowing

@ Working capital = Current assets - Current liabilities (excluding Current maturities of long-term debt & Current lease liabilities)

@@ Capital employed = Net worth + Debt + Deferred tax liability

^ Return from investment = Increase/(Decrease) in value of investment + Income from investment

### 35 Other statutory information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
- The Company has not traded or invested in Crypto currency or Virtual currency during the financial year
- There is no income surrendered or disclosed during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- 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: (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## POCL Future Tech Private Limited

### Notes to Financial Statements for the year ended March 31,2023

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

- The Company has not advanced or loaned or invested any fund to any person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall: (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- f) The company has a holding company, but does not have subsidiary company. However the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017 have complied with.
- g) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- h) The Company does not have any transactions with companies which are struck off as per Companies Act, 2013.
- i) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.
- j) Since the company incorporated during this financial year, the corresponding previous year figures were not reported.

#### For and on behalf of the board



**Ashish Bansal**  
Director  
DIN: 01543967



**K.Kumaravel**  
Director  
DIN: 00664405

#### For M/s. L. Mukundan and Associates

Chartered Accountants  
(FRN No.010283S)



**L. Mukundan**  
Partner  
M.No.204372

Place : Chennai  
Date : May 29, 2023



Place : Chennai  
Date : May 29, 2023