S.N. Dhawan & CO LLP
Chartered Accountants

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Independent Auditor's Report
To the Members of Cosmo Speciality Chemicals Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Cosmo Speciality Chemicals Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period from 02 March 2020 to 31 March 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the period from 02 March 2020 to 31 March 2021.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

   (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, there was no remuneration paid or payable by the Company to its directors for the period from 02 March 2020 to 31 March 2021.

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(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

BSen.

Bhaskar Sen
Partner
Membership No.: 096985
UDIN No.: 21096985AAAABX8061

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

Place: New Delhi
Date: 18 May 2021

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Cosmo Speciality Chemicals Private Limited on the financial statements as of 31 March 2021 and for the period from 02 March 2021 to 31 March 2021)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment and other intangible assets.

(b) The Company has a regular program of physical verification of its fixed assets comprising of property, plant and equipment under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the period and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, the Company does not hold any immovable property (in the nature of 'fixed assets' comprising of property, plant and equipment and other intangible assets). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the period and according to the information and explanations given to us, no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the period and had no unclaimed deposits at the beginning of the period within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's product. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, cess, goods and services tax and other material statutory dues, as applicable to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, duty of customs and goods and services tax that have not been deposited with the appropriate authorities on account of any dispute.

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(viii) In our opinion and according to the information and explanations given to us, the Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the period. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the period. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the order are not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause3 (xv) of the order are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause3 (xvi) of the order are not applicable.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

BSen.

Bhaskar Sen
Partner
Membership No.: 096985
UDIN: 21096985AAAABX8061

S.N. DHAWAN & CO. LLP * GURUGRAM * CHARTERED ACCOUNTANTS

Place: New Delhi
Date: 18 May 2021

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Cosmo Speciality Chemicals Private Limited on the financial statements as of and for the period from 02 March 2020 to 31 March 2021)

Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Cosmo Speciality Chemicals Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the period from 02 March 2020 to 31 March 2021.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

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

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

B Sen.

Bhaskar Sen
Partner
Membership No.: 096985
UDIN: 21096985AAAABX8061

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

Place: New Delhi
Date: 18 May 2021

Cosmo Speciality Chemicals Private Limited
Balance Sheet as at 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

	Note no.	As at 31 March 2021
ASSETS		
Non-current assets		
a) Property, plant and equipment	2	1,154.23
b) Capital work-in-progress	3	378.59
c) Income tax assets (net)		2.25
d) Other non-current assets	4	75.44
		1,610.51
Current assets		
a) Inventories	5	1,052.89
b) Financial assets		
(i) Trade receivables	6	483.62
(ii) Loans	7	0.01
(iii) Other financial assets	8	13.26
c) Other current assets	9	454.49
		2,004.27
TOTAL ASSETS		**3,614.78**
EQUITY AND LIABILITIES		
Equity		
a) Equity share capital	10	202.00
b) Other equity	11	2,034.33
		2,236.33
Liabilities		
Non-current liabilities		
a) Provisions	12	1.98
b) Deferred tax liabilities (net)	13	7.11
		9.09
Current liabilities		
a) Financial liabilities		
(i) Trade payables		
(a) Total outstanding dues to micro and small enterprises	14	-
(b) Total outstanding dues to creditors other than micro and small enterprises	14	157.58
(ii) Other financial liabilities	15	1,209.55
b) Other current liabilities	16	2.19
c) Provisions	17	0.04
		1,369.36
TOTAL EQUITY AND LIABILITIES		**3,614.78**

Summary of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

B Sen.

Bhaskar Sen
Partner
Membership No.: 096985

Place : New Delhi
Date : 18 May 2021

For and on behalf of Board of Directors of
Cosmo Speciality Chemicals Private Limited

Pankaj Poddar

Pankaj Poddar
Director
DIN: 02815660

Neeraj Jain

Neeraj Jain
Director
DIN: 00060249

S.N. DHAWAN & CO. LLP
GURUGRAM
CHARTERED ACCOUNTANTS

Cosmo Speciality Chemicals Pvt. Ltd.
New Delhi

Cosmo Speciality Chemicals Private Limited
Statement of Profit and Loss for the period from 02 March 2020 to 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

	Note no.	Period ended 31 March 2021
Income		
Revenue from operations	18	2,032.21
Other income	19	1.11
Total income		**2,033.32**
Expenses		
Cost of materials consumed		1,813.63
Change in inventory of finished goods and stock in trade	20	(115.66)
Employee benefits expense	21	85.20
Depreciation and amortisation expense	2	30.73
Finance costs	22	0.14
Other expenses	23	177.84
Total expenses		**1,991.88**
Profit before tax		**41.44**
Tax expense		
- Current tax	24	-
- Deferred tax expense/(credit)	24	7.11
Total tax expense		**7.11**
Net profit for the period		**34.33**
Other comprehensive income		
1) Items that will not be reclassified to profit or loss		-
2) Items that will be reclassified to profit or loss		-
Total other comprehensive income		-
Total comprehensive income		**34.33**
Earnings per equity share	25	
- Basic		2.99
- Diluted		2.86

Summary of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Bhaskar Sen
Partner
Membership No.: 096985

Place : New Delhi
Date : 18 May 2021

For and on behalf of Board of Directors of
Cosmo Speciality Chemicals Private Limited

Pankaj Poddar
Director
DIN: 02815660

Neeraj Jain
Director
DIN: 00060249

S.N. DHAWAN & CO. LLP ★ CHARTERED ACCOUNTANTS ★ GURUGRAM

Cosmo Speciality Chemicals Pvt. Ltd. ★ New Delhi

Cosmo Speciality Chemicals Private Limited
Statement of Cash Flows for the period from 02 March 2020 to 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

		Period ended 31 March 2021
A.	**Cash flow from operating activities**	
	Profit before tax	**41.44**
	Adjustment for	
	Depreciation and amortisation expense	30.73
	Finance costs	0.14
	Unrealised gain on exchange fluctuation	(1.06)
	Operating profit before working capital changes	**71.25**
	Adjustment for	
	Inventories	(1,052.89)
	Trade receivables	(483.62)
	Loans	(0.01)
	Other financial assets	(13.26)
	Other assets	(454.49)
	Trade payables	157.60
	Other financial liabilities	1,210.59
	Other liabilities and provisions	4.21
	Cash flow from operating activities post working capital changes	**(560.62)**
	Income tax paid (net)	(2.25)
	Net cash flow used in operating activities (A)	**(562.87)**
B.	**Cash flow from investing activities**	
	Purchase of property, plant and equipment and capital work in progress (including capital advances)	(1,638.99)
	Net cash flow used in investing activities (B)	**(1,638.99)**
C.	**Cash flow from financing activities**	
	Proceeds from issue of equity shares	202.00
	Proceeds from issue of optionally convertible preference shares	2,000.00
	Finance costs	(0.14)
	Net cash flow from financing activities (C)	**2,201.86**
	(Decrease)/Increase in net cash and cash equivalents (A+B+C)	-
	Cash and cash equivalents at the beginning of the period	-
p	**Cash and cash equivalents at the end of the period**	**-**

Summary of significant accounting policies 1

The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the financial statements.

This is the Statement of Cash Flows referred to in our report of even date.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

BSen.

Bhaskar Sen
Partner
Membership No.: 096985

Place : New Delhi
Date : 18 May 2021

For and on behalf of Board of Directors of
Cosmo Speciality Chemicals Private Limited

Pankaj Poddar
Director
DIN: 02815660

Neeraj Jain
Director
DIN: 00060249

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

Cosmo Speciality Chemicals Pvt. Ltd. New Delhi

Cosmo Speciality Chemicals Private Limited
Statement of Changes in Equity for the period from 02 March 2020 to 31 March 2021
(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Opening balance as at 02 March 2020	-
Changes during the period	202.00
Closing balance as at 31 March 2021	**202.00**

B. Other equity

	Reserves and surplus	Instruments classified as equity	Total
	Retained earnings	0.01% Non cumulative optionally convertible preference shares (OCPS)	
Balance as at 02 March 2020	-	-	-
Profit for the period	34.33	-	**34.33**
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**34.33**	-	**34.33**
Transaction with owners			
Shares issued during the period	-	2,000.00	**2,000.00**
Balance as at 31 March 2021	**34.33**	**2,000.00**	**2,034.33**

Summary of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

BSen.

Bhaskar Sen
Partner
Membership No.: 096985

Place : New Delhi
Date : 18 May 2021

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

For and on behalf of Board of Directors of
Cosmo Speciality Chemicals Private Limited

Pankaj Poddar
Director
DIN No.: 02815660

Neeraj Jain
Director
DIN No.: 00060249

Cosmo Speciality Chemicals Pvt. Ltd. New Delhi

1. Corporate information, basis of preparation and summary of significant accounting policies

i) Corporate information

Cosmo Speciality Chemicals Private Limited (the 'Company'), manufacturers of master batches, adhesives and chemicals was incorporated in India on 02 March 2020, under the Companies Act 2013. The Company is currently having manufacturing facility at Aurangabad in Maharashtra.

ii) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These financial statements were approved by the Board of Directors on 18 May 2021.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. The financial statements have been prepared on a historical cost basis, except for the assets and liabilities which are required to be measured at fair value under applicable accounting framework as defined above.

iii) 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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- 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:

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

The Company classifies all other liabilities as non-current.

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

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

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

Cosmo Speciality Chemicals Pvt. Ltd. New Delhi

b) Property, plant and equipment

Recognition and initial measurement
Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price, borrowing cost (if capitalisation criteria are met) and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)
Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013. The following useful life of assets has been taken by the Company:

Tangible assets	**Useful life**
Continues process plant and machinery	25 years
Other plant and machinery	15 years
Furniture and fittings	10 years
Vehicles	8 years
Office equipment	3-5 years

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

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition
An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

c) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

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To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

e) Inventory

Inventories are stated at lower of cost or net realisable value. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of finished goods cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

f) Foreign currency translation

Functional and presentation currency
The financial statements are presented in Indian Rupees (INR or ₹) and are rounded to two decimal places of lakhs, which is also the Company's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

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 as at reporting date 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.

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g) Leases

The Company as a lessee

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

h) Revenue recognition

Sale of products and services

Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in statement of profit and loss on completion of performance obligation.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

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The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised when the goods are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

i) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- At the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- In all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets

Classification and subsequent measurement

Financial assets at amortised cost – a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- 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.

  After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method. Effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

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De-recognition of financial assets
A financial asset is primarily de-recognised 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.

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.

Financial liabilities

Subsequent measurement
After initial recognition, the financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

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

De-recognition of financial liabilities
A financial liability is de-recognised 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 de-recognition 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.

Offsetting of financial instruments

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) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

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ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider -

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

i. For debtors that are not past due – The Company applies approach permitted by Ind AS 109 'Financial Instruments', which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime expected credit loss are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

   Life time expected credit losses are assessed and accounted based on Company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates. The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

ii. For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Company.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount
equal to 12 month expected credit losses, else at an amount equal to the lifetime expected credit losses.

k) Post- employment and other employee benefits

Defined contribution plan

Provident fund
The Company makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

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Defined benefit plans

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, 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.

Other employee benefits

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Other short term benefits

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

l) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

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n) 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.

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 for all deductible temporary differences and any unused tax losses. 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. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets are reviewed at each balance sheet date and derecognised to the extent it is no longer probable that sufficient future taxable profits will be available against which such deferred tax assets can be realised.

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.

o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments:
In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the management team which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs:
Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items:
Unallocated items include general corporate income and expense items which are not allocated to any business segment.

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Segment accounting policies

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

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

(iv) Significant management judgement in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for expected credit losses – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Allowance for obsolete and slow-moving inventory – The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the market. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognised in the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Useful lives of depreciable/ amortisable assets – Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

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Contingent liabilities – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

(v) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

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2 Property, plant and equipment

Description	Own assets				Total
	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	
Gross carrying value					
As at 02 March 2020	-	-	-	-	-
Additions *	1,167.23	0.15	11.81	5.77	1,184.96
As at 31 March 2021	**1,167.23**	**0.15**	**11.81**	**5.77**	**1,184.96**
Accumulated depreciation					
As at 02 March 2020					
Charge for the period	29.70	0.01	0.09	0.93	30.73
As at 31 March 2021	**29.70**	**0.01**	**0.09**	**0.93**	**30.73**
Net carrying amount as at 02 March 2020	-	-	-	-	-
Net carrying amount as at 31 March 2021	**1,137.53**	**0.14**	**11.72**	**4.84**	**1,154.23**

* Additions during the period includes following items of expenses and income which were indirectly related to acquisition or construction of related assets:

Description	Amount
Cost of materials consumed	98.45
Employee benefits expense	27.82
Other expenses	51.23
Less: Sale of products	111.80
Total	**65.70**

Note:

Contractual obligation

Refer note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3 Capital work-in-progress

(₹ in lakhs)

Description	Amount
As at 02 March 2020	-
Add: Additions during the period	1,547.73
Less: Capitalisation during the period	1,169.14
As at 31 March 2021	**378.59**

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(All amounts in ₹ lakhs, unless otherwise stated)

		As at 31 March 2021
4	**Other non-current assets**	
	Capital advances	75.44
		75.44
5	**Inventories**	
	(Stated at lower of cost and net realisable value)	
	Raw materials	929.62
	Finished goods	115.66
	Stores and spares	7.61
		1,052.89
6	**Trade receivables**	
	Trade receivables considered good- unsecured	483.62
	Trade receivables- credit impaired	-
		483.62
	Less: Allowance for expected credit losses	-
		483.62

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

7	**Current loans**	
	Loans considered good- unsecured	
	- Loans to employees	0.01
		0.01

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

8	**Other current financial assets**	
	Discount recoverable	13.26
		13.26

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

9	**Other current assets**	
	Advance to suppliers	10.94
	Balances with statutory authorities	436.67
	Prepaid expenses	6.88
		454.49

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10 Share capital

	As at 31 March 2021
Authorised	
5,000,000 equity shares of ₹ 10 each	500.00
20,000,000 preference shares of ₹ 10 each	2,000.00
Issued, subscribed and fully paid up	
2,020,000 equity shares of ₹ 10 each fully paid up	202.00
	202.00

Reconciliation of number of shares	As at 31 March 2021 No of shares	Amount
Equity shares at the beginning of the period	-	-
Changes during the period	20,20,000	202.00
Equity shares at the end of the period	**20,20,000**	**202.00**

Notes:

(i) Terms and rights attached to equity shares:

The Company has only one class of equity shares having the par value of ₹10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shareholders holding more than 5% shares in the company	As at 31 March 2021 No of shares	% holding
Cosmo Films Limited (holding company)*	20,20,000	100.00%

* Includes share held by nominee of the holding company.

11 Other equity	As at 31 March 2021
Retained earnings	34.33
0.01% Non cumulative optionally convertible preference shares (OCPS)	2,000.00
Total other equity	**2,034.33**

Note

0.01% Non cumulative optionally convertible preference shares of ₹ 10 each, fully paid up
Terms/ rights attached to preference shares :

20,000,000 0.01% Non-cumulative optionally convertible preference shares of ₹ 10 each aggregating ₹ 2,000 lakhs have a tenure of 10 (ten) years from the date of allotment. 1 optionally convertible preference share can be converted into 1 Equity share of Rs 10 each at any time at the option of the Company during the tenure of 10 years. If not converted within ten years, the optionally convertible preference shares will be redeemed at ₹ 20 per optionally convertible preference share. The optionally convertible preference shares may also be redeemed at any time by payment of proportionate premium at the option of the Company.

Reconciliation of number of shares	As at 31 March 2021 No of shares	Amount
Shares at the beginning of the period	-	-
Changes during the period	2,00,00,000	2,000.00
Shares at the end of the period	**2,00,00,000**	**2,000.00**

All the preference shares are held by Cosmo Films Limited, the holding company.

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(All amounts in ₹ lakhs, unless otherwise stated)

		As at 31 March 2021
12	**Provisions**	
	Provision for gratuity	1.29
	Provision for compensated absences	0.69
		1.98
13	**Deferred tax liabilities (net)#**	
	Deferred tax asset arising on account of:	
	Expenses deductible in future years under Income-tax Act, 1961	3.62
	Unabsorbed business losses	14.52
		18.14
	Deferred tax liability arising on account of:	
	Property, plant and equipment - depreciation	25.25
		25.25
		7.11

Refer note 24 for movement in deferred tax balances.

14	**Trade payables**	
	Trade payables	
	- total outstanding dues to micro and small enterprises	-
	- total outstanding dues to other than micro and small enterprises	157.58
		157.58

The above disclosure has been determined to the extent such parties have been identified on the basis of informat available with the Company.

	Particulars	**31 March 2021**
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	-
ii	the amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period;	-
iii	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act;	-
iv	the amount of interest accrued and remaining unpaid at the end of each accounting period; and	-
v	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

15	**Other current financial liabilities**	
	Payable on purchase of property, plant and equipment	1,200.41
	Employee related liabilities	9.14
		1,209.55

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

16	**Other current liabilities**	
	Statutory dues payable	2.19
		2.19
17	**Provisions**	
	Provision for compensated absences	0.04
		0.04

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(All amounts in ₹ lakhs, unless otherwise stated)

		Period ended 31 March 2021
18	**Revenue from operations**	
	Operating revenue (refer note a below)	
	Sale of products-domestic	2,002.25
	Other operating revenue	
	Scrap sales	29.96
	Revenue from operations	**2,032.21**

Note:

a) The Company applies Indian Accounting Standard 115, 'Revenue from Contracts with Customers' ('Ind AS 115'), . Under Ind AS 115, revenue is recognised through a 5-step approach:
(i) Identify the contracts with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

(i) **Disaggregation of revenue**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Period ended 31 March 2021

Revenue from operations	Goods	Other operating revenue	Total
Revenue by geography			
Domestic	2,002.25	29.96	2,032.21
Export	-	-	-
Total	**2,002.25**	**29.96**	**2,032.21**
Revenue by time			
Revenue recognised at point in time			2,032.21
Revenue recognised over time			-
Total			**2,032.21**

(ii) **Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price**

Description	Period ended 31 March 2021
Contract price	2,032.21
Less: Discount, rebates, credits etc.	-
Revenue from operations as per Statement of Profit and Loss *	**2,032.21**

b) **Details of products sold**

Particulars	
Manufactured goods	
- Master batch & textile chemicals	2,002.25
Total	**2,002.25**

19	**Other income**	
	- Foreign exchange gain	1.11
		1.11
20	**Change in inventory of finished goods and stock in trade**	
	Opening stock	
	Finished goods	-
	Closing stock	
	Finished goods	115.66
	Change in inventory	**(115.66)**

Note:

Finished goods	
- Master batch & textile chemicals	115.66
Total	**115.66**

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(All amounts in ₹ lakhs, unless otherwise stated)

	Period ended 31 March 2021
21 Employee benefits expense	
Salaries, wages, allowances and bonus	79.82
Contribution to provident and other funds	2.45
Staff welfare expenses	2.93
	85.20

22 Finance costs	
Other borrowings costs	0.14
	0.14

23 Other expenses	
Rent	25.20
Rates and taxes	0.50
Stores, spare parts and packing materials consumed	18.61
Insurance	2.29
Repairs and maintenance	
- Building	0.01
- Machinery	19.47
- Others	2.91
Power and fuel	54.64
Other manufacturing expenses	2.85
Printing and stationery	0.31
Training and recruitment expenses	1.75
Travelling and conveyance	2.36
Legal and professional charges (refer note a below)	25.38
Other selling expenses	6.31
Miscellaneous expenses	15.25
	177.84

a) Includes payment to auditors (exclusive of goods and service tax)	
As auditor	
- Audit fee	3.00
	3.00

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24 Income tax

	Period ended 31 March 2021
The income tax expense consists of the following :	
Current tax expense	-
Deferred tax expense/(credit)	7.11
Total income tax	**7.11**

The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:

Profit before tax	41.44
At India's statutory income tax rate of 17.16%	7.11
Adjustments in respect of current income tax	-
Total income tax expense	**7.11**

Movement of net deferred tax assets and liabilities for the period from 02 March 2020 to 31 March 2021 is as follows:

	Opening balance	Deferred tax credit/charge in profit and loss	Deferred tax credit/charge in Other comprehensive income	Closing balance
Deferred tax liabilities (net)				
Deferred tax asset arising on account of:				
Expenses deductible in future years under Income-tax Act, 1961	-	3.62	-	3.62
Unabsorbed business losses	-	14.52	-	14.52
	-	**18.14**	**-**	**18.14**
Deferred tax liability arising on account of:				
Property, plant and equipment - depreciation	-	25.25	-	25.25
	-	**25.25**	**-**	**25.25**
	-	**7.11**	**-**	**7.11**

25 Earnings per share

	Period ended 31 March 2021
Profit for the period (₹ in lakhs)	34.33
Weighted average number of equity shares outstanding for the purpose of basic earnings per share	11,49,848
Effect of potential ordinary shares on optionally convertible preference shares	50,633
Weighted average number of equity shares outstanding for the purpose of diluted earnings per share	12,00,481
Earnings per equity share (face value ₹ 10.00 per share)	
Basic	2.99
Diluted	2.86

26 Contingencies and commitments

	As at 31 March 2021
Capital commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	201.19

(All amounts in ₹ lakhs, unless otherwise stated)

29 Related party disclosures

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

List of related parties and relationships:

A. Holding company

a) Cosmo Films Limited

B. Key management personnel

a) Mr. Anil Kumar Jain, Director
b) Mr. Pankaj Poddar, Director
c) Mr. Neeraj Jain, Director

	Particulars	Holding company Period ended 31 March 2021
	Transactions during the period	
1	**Equity shares issued**	
	Cosmo Films Limited	202.00
2	**Preference shares issued**	
	Cosmo Films Limited	2,000.00
3	**Sales**	
	Cosmo Films Limited	2,109.41
4	**Purchase of goods**	
	Cosmo Films Limited	2,048.48
5	**Purchase of property, plant and equipment**	
	Cosmo Films Limited	1,136.49
6	**Reimbursement made for expenses**	
	Cosmo Films Limited	103.12
7	**Rent paid**	
	Cosmo Films Limited	54.60

	Particulars	Holding company As at 31 March 2021
	Outstanding balances	
1	**Trade receivables**	
	Cosmo Films Limited	427.20
2	**Payable against purchase of property, plant and equipment**	
	Cosmo Films Limited	1,136.49

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30 Fair value measurements

A) Financial assets and liabilities

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

(₹ in lakhs)

As at 31 March 2021	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
(i) Trade receivables	-	-	483.62
(ii) Loans	-	-	0.01
(iii) Others financial assets	-	-	13.26
Total	**-**	**-**	**496.89**
Financial liabilities			
(i) Trade payables	-	-	157.58
(ii) Other financial liabilities	-	-	1,209.55
Total	**-**	**-**	**1,367.13**

B) Fair value of financial assets and liabilities measured at amortised cost

The fair values of loans are not materially different from the amortised cost thereof. Further, the management assessed that fair values of trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value measurements disclosed in respect of financial assets and liabilities measured at amortised cost fall within Level 3 of fair value hierarchy.

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31 Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	Ageing analysis Credit ratings	Diversification of bank deposits, collateral credit limits and letter of credit
Liquidity risk	Other liabilities	Rolling cash flow forecasts	By availment of borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Foreign currency forwards

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the Company's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in Statement of Profit and Loss.

Credit risk exposure

Credit rating	Particulars	As at 31 March 2021
A: Low credit risk	Loans	0.01
	Other financial assets	13.26
B: Medium credit risk	-	-
C: High credit risk	-	-

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

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Provision for expected credit losses

a) Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk ,in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Company"s knowledge of the credit worthiness of those parties.

b) Expected credit loss for financial assets under simplified approach

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).

Age of receivables	As at 31 March 2021
Not due	442.33
0-180 days past due	41.29
181-360 days past due	-
More than 360 days past due	-
Total	**483.62**

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(All amounts in ₹ lakhs, unless otherwise stated)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when thev are due.
Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Contractual maturities of financial liabilities

The table below analyses the financial liabilities into relevant maturity grouping based on their undiscounted contractual maturities (including interest).

31 March 2021	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Trade payables	157.58	-	-	-	157.58
(ii) Other financial liabilities	1,209.55	-	-	-	1,209.55
Total	1,367.13	-	-	-	1,367.13

C. Market risk

Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

	As at 31 March 2021	
Forex exposure	**Foreign currency**	**INR**
Financial liabilities		
USD	8,626	6.31
EUR	22,500	19.31

The following exchange rates have been applied:

	Period end spot rate as at 31 March 2021
USD	73.17
EUR	85.84

Sensitivity analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

	Impact on profit after tax as at 31 March 2021
USD sensitivity	
INR/USD increase by 5.00%	(0.26)
INR/USD decrease by 5.00%%	0.26
EUR sensitivity	
INR/EUR increase by 5.00%	(0.80)
INR/EUR decrease by 5.00%	0.80

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(All amounts in ₹ lakhs, unless otherwise stated)

32 Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

The Company monitors capital on the basis of its gearing ratio, debt equity ratio and ratio of net debts to its earnings before interest, tax, depreciation and amortisation (EBITDA)

Debt equity ratio

Particulars	As at 31 March 2021
Net debt	-
Total equity	2,236.33
Net debt to equity ratio	**0.00%**

Ratio of net debt to EBIDTA

Particulars	As at 31 March 2021
Profit before tax*	41.44
Add: Depreciation and amortisation expenses	30.73
Add: Finance cost	0.14
EBIDTA	**72.31**
Net debt	-
Ratio of net debt to EBIDTA	-

*Includes other income

Gearing ratio

Particulars	As at 31 March 2021
Net debt	-
Total equity	2,236.33
Equity and net debt	2,236.33
Gearing ratio	**0.00%**

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33 Segment reporting

In accordance with Ind AS 108, the Board of Directors being the Chief Operating Decision maker of the Company, have determined its only one business segment of master batch & textile chemicals. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

Below is the customer who has contributed of 10% or more in the revenue:

(₹ in lakhs)

	Revenue for the period ended 31 March 2021
Cosmo Films Limited	2,109.41

34 The Company continues to closely monitor the impact of the Covid-19 pandemic on all aspects of its business. The Company is engaged in the business of master batch & textile chemicals which is part of essential commodities, and therefore, the pandemic had marginal impact on the business operations of the Company. The management has exercised due care in concluding significant accounting judgements and estimates, inter-alia, recoverability of receivables, impairment assessment of financial and non-financial assets, realisability of Inventory and accordingly noted no significant impact on its financial results. Further, management believes that the Company will be able to discharge the liabilities as and when falling due. The Company will continue to monitor current and future conditions and impact thereof on Company's operations.

35 The Company was incorporated on 02 March 2020 and this being the first period of financial statements, the Statement of Profit and Loss covers a period of more than 12 months i.e. starting from the date of incorporation, 02 March 2020 to 31 Match 2021. Hence, previous year figures are not applicable.

For **S.N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Bhaskar Sen
Partner
Membership No.: 096985

Place : New Delhi
Date : 18 May 2021

S.N. DHAWAN & CO. LLP * CHARTERED ACCOUNTANTS * GURUGRAM

For and on behalf of Board of Directors of
Cosmo Speciality Chemicals Private Limited

Pankaj Poddar
Director
DIN: 02815660

Neeraj Jain
Director
DIN: 00060249

Cosmo Speciality Chemicals Pvt. Ltd. New Delhi