



## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

### **INDEPENDENT AUDITOR'S REPORT**

To The Members of

#### **BHAGWATI PRODUCTS LIMITED**

#### **Report on the audit of the standalone financial statements**

##### **Opinion**

We have audited the accompanying standalone financial statements of **BHAGWATI PRODUCTS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit (or Loss)\*, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

##### **Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

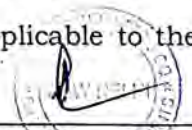
##### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

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## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

### **Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Director Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

The Annual Report is not made available to us at the date of this Auditor's Report. We have nothing to report in this regard.

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

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and Fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.





## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

### **Auditor's responsibilities for the audit of the Standalone Financial Statements**

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

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

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

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

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

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

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

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

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## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

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. Based on our Audit we report that the company has not paid any managerial remuneration to its directors. Hence the provisions of Section 197 is not applicable to the company.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 Cash flow statement dealt with by this report are in agreement with the books of Account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) On the basis of written representations received from the directors, as on 31st March 2023 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the rule 11 of the companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us.
- i) The Company, as detailed in Note 37 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March 2023.
  - 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.
  - iv) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused me/us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
  - v) The company has not paid/declared any dividend during the year.
  - vi) In respect of the reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on Audit trail requirements, we are unable to report on the same as the applicability of the Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 will commence on or after April 1, 2023.

For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Reg No. 015163N



Sandeep Jain  
(Partner)  
M. No. 094847  
Place : New Delhi  
Dated : 29/09/2023





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**BHAGWATI PRODUCTS LIMITED**  
**ANNEXURE-A TO THE AUDITOR'S REPORT**

**(Referred to in paragraph of our report of even date)**

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all immovable properties (including investment properties) (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- (d) The Company has not revalued its Property, Plant and Equipment during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no material discrepancies were noticed.
- (b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks and/or financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the company with such banks and/or financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods which were not subject to audit/review, except for the following:







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(Amount in Rs. Lakhs)

Name of the Bank / financial institution	Working capital limit sanctioned	Nature of current assets offered as security
Punjab National Bank	4000	Hypothecation by way of Pari Passu charge with other lender Bank, of Stocks of raw material, semi finished, finished goods and packaging materials of the company's products lying in the factory premises/godowns or in transit; Hypothecation of books debts of the company by way of paripassu charge with other lenders banks SBI, HDFC Bank, arising out of genuine trade transactions; Hypothecation and First and pari passu charge on all other Current assets of the company by way of pari passu charge with SBI, HDFC Bank. FBWC Limit will also be secured by way of Pari Passu charge with SBI, HDFC Bank on all block assets of the company
State Bank of India	5000	First Charge on Pari Passu basis with other member banks under MBA arrangement/working capital lenders on the stocks of raw materials, stores, spares, including stock in transit/stocks in process/finished goods, receivables & book debts and other current assets, present and future of all the financed units of the company, lying in the company's factory godowns, or elsewhere and including but not limited to goods in transit. Collateral Security 1. First Pari Passu equitable mortgage charge along with other lenders on : land and Building situated at plot no. 18 sector 2, integrated industrial estate, rudrapur (uttarakhand) having area of 20100 sq. mtrs. make : Building, Hypothecation of fixed assets. 2. Exclusive charge on Hyderabad Plant (Present & Future) situated at Plot S-1/E, Fab City, Raviryalu Rangareddy, City : Hyderabad
HDFC	5500	Stocks and Book debts First Pari passu charge on all the borrower's operating cash flows, stocks, book debts, receivables, current assets, commissions and revenues of whatsoever nature and wherever arising, both present and future, of the borrower, except any cash or cash collateral specifically charges to any lender of the consortium as permitted under facility agreement. Plant and Machinery a first pari passu charge by way of hypothecation of all the borrower's movable fixed assets, movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital etc, both present and future, all the right title, interest benefits, claim and demands, whatsoever of the borrower clearances, all insurance contracts and insurance proceeds, both present and future, except the movable fixed assets (inclusive of plant and machinery) which are charged/ to be charged in favour of the term lenders pertaining to borrower's facilities in Telangana and Rajasthan. Factory Land and Building- a first pari passu charge by way of hypothecation of all the borrower's movable fixed assets, movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangibles, goodwill, uncalled capital etc., both present and future, all the right title, interest, benefits, claims and demands, whatsoever of the borrower clearances, all insurance contracts, and Insurance proceeds, both present and future, except the moveable fixed assets (inclusive of plant and machinery) which are charged/ top be charged in favour of the term lenders pertaining to borrower's facilities in Telangana & Rajasthan.



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Yes Bank	2500	1.) First Pari Passu charge over entire current assets (present & Future) of the borrower. 2.) First Pari Passu charge over company's plant at "Hyderabad" (both moveable fixed assets & immovable fixed assets, present & Future). 3.) First Pari Passu PP charge over company;s plant at Rudrapur, Uttrakhand' (both moveable fixed assets, & Immoveable fixed assets, present & future). Minimum cover of .75x on immoveable property to be maintained on realizable value basis.
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(Amount in Rs. Lakhs)

Quarter	Current asset type	Amount disclosed as per return	Amount as per books of accounts	Difference (increase)/decrease	Remarks/ reason, if any
Quarter 1	Stock	31,144.67	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 1	Net of Trade Receivables/(Trade Payables)	-34,643.83	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 2	Stock	21,707.89	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 2	Net of Trade Receivables/(Trade Payables)	-23,201.08	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 3	Stock	13,453.83	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 3	Net of Trade Receivables/(Trade Payables)	-9,416.41	Not Available	-	The data as per Books as on the end of the Quarter is not made available to us.
Quarter 4	Stock	15,362.63	15,958.95	-596.32	The Data as per Books in based on the Audited Financial Statements.
Quarter 4	Net of Trade Receivables/(Trade Payables)	-11,706.61	-13156.71	-1450.10	The Data as per Books in based on the Audited Financial Statements.



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- (iii) (a) During the year, the Company has given loans to following subsidiary company (namely Bhagwati Renewables Private Limited) and has opening loan outstanding of another corporate (namely Revolt Intellicorp Private Limited) principal of which was received in the previous years and interest is o/s at year end.

Name of the Company	Aggregate Amount during the year	Balance Outstanding As on 31-03-2023
Bhagwati Renewables Private Limited	Rs. 3,54,521.00	Rs.1,31,99,393.31
Revolt Intellicorp Private Limited	NIL	Rs. 15,67,178.00

- (b) The terms and conditions for grant of loan to above mentioned is not prejudicial to the interest of the company except the waiver of interest amount on Loan given to the Bhagwati Renewables Private Limited.
- (c) In respect of the loans mentioned above, the same is repayable on demand and hence no schedule of repayment of principal and payment of interest has been stipulated. The company has not demanded repayment of loan given to any of the abovementioned parties.
- (d) We are informed that the company not demanded repayment of any such loan during the year, hence there is no amount which is overdue for more than ninety days.
- (e) Since, the loan is repayable on demand and the company has not demanded any repayment, there is no amount which has been fallen due during the year in respect of Loans given and hence no loan has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The company has granted loans to following companies which has been repayable on demand. Details of same is as below:

Type of Borrower	Amount Outstanding as on 31 <sup>st</sup> March 2023	Percentage of Total Loans and Advances
Promoters	-	-
Directors	-	-
KMP's	-	-
Related Parties	Rs. 1,31,99,393.31*	100%

\*The Balance of Revolt Intellicorp Private Limited has not been included in the Related Party as the said company ceased to be the related party w.e.f. 14<sup>th</sup> January 2023 and hence not include in Related Party Balances as on 31<sup>st</sup> March 2023.



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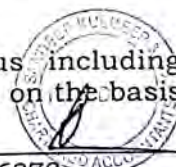
## **SANDEEP KULDEEP & CO.**

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- (iv) The Company has given loans to persons covered under section 185 and 186 of the Act as mentioned in the above clause and provisions of section 185 and 186 has been duly complied with.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order of the Central Government for maintenance of the Cost Records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii)(a) According to the information and explanations given to us, and on the basis of our examination the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, GST Dues, wealth tax, duty of customs, cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no tax, custom duty and cess were outstanding at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, the dues outstanding on account of dispute are as follows:

<b>Nature of Statute</b>	<b>Amount Involved</b>	<b>Period to which amount relates</b>	<b>Forum where the dispute is pending</b>
Excise Department - Uttarakhand	Rs. 0.44 crores	2012 - Oct 2015	Supreme Court
Income Tax Act	Rs. 2.14 crores	AY 2018-19	CIT (Appeals)

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings to any lender or in the payment of interest thereon.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis



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of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

- (c) In our opinion and according to the information and explanations given to us, the Company has not applied for any new term loan during the year and hence, reporting under this clause is not required.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilized for long term purposes.
- (e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person or on account of or to meet any obligation of its subsidiary company.
- (f) According to the information and explanations given to us, the Company has not raised loans during the year on the pledge of securities held in its subsidiary company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has not made preferential allotment or private placement of shares or convertible debentures during the year and accordingly, reporting under this clause is not required.
- xi) (a) 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 has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company, with the related parties are in compliance with section 188 of the Act. The details of such related party transactions have been

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disclosed in the financial statements, as required under, Related Party Disclosures specified in Accounting Standard (AS) 18, Related Party Disclosures as prescribed under section 133 of the Act. Further, the company has duly complied with the provisions of Section 177 of Companies Act, 2013.

(xiv) (a) According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the period under audit has been duly considered by the statutory auditors.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial years. Hence, reporting under this clause is not required.

(xviii) There has been no resignation of the statutory auditors during the year and hence, reporting under this clause is not required.

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







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- (xx) The company has duly spent the required amount of CSR of Rs. 15,72,234 under sub section (5) of Section 135 of the said act. Hence, reporting under clause (xx)(a) and (b) is not required.
- (xxi) There is no qualifications or adverse remarks by us in the Companies (Auditor's Report) Order (CARO) reports of the company included in the consolidated financial statements.

For Sandeep Kuldeep & Co.  
Chartered Accountants  
ICAI Firm Reg No. 015163N



Sandeep Jain  
(Partner)  
M. No. 094847  
Place: New Delhi  
Dated: 29/09/2023



## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

### **BHAGWATI PRODUCTS LIMITED**

#### **ANNEXURE-B TO THE AUDITOR'S REPORT**

##### **Report on the Internal Financial Control under Clause (i) of sub-section 143 of the Companies Act, 2013 ('the Act')**

We have audited the Internal Financial Control over financial controls of Bhagwati Products Limited ('the Company') as of 31 March 2023 in conjunction with our audit of the standalone Ind AS financial statements of the company for the year ended on that date.

##### **Management Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of Internal control stated in the guidance note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal control that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the companies Act, 2013.

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conduct 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 ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Control, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountant of India. Those Standards and 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



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Email ID:-caskcindia@gmail.com, baljeetaskcindia@gmail.com





## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

over financial reporting 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The Procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

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

### **Meaning of internal Financial Controls over Financial Reporting**

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





## **SANDEEP KULDEEP & CO.** **CHARTERED ACCOUNTANTS**

### **Inherent Limitation of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of change 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, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal control over financial reporting issued by the Institute of Chartered Accountant of India.

For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Reg No. 015163N



Sandeep Jain  
(Partner)

M. No. 094847

Place: New Delhi

Dated: 29/09/2023



**BHAGWATI PRODUCTS LIMITED**

Standalone Balance Sheet as at 31 March 2023

Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028

CIN: U15412DL2002PLC258355

(Amount in INR thousands, unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment and Intangible Assets			
-Property, Plant and Equipment	5	23,31,087	20,74,579
-Intangible Assets	6	4,991	7,449
(b) Capital work-in-progress	7	32,031	1,12,110
(c) Financial assets			
-Investments	8A	3,278	3,070
-Other Financial assets	8B	63,270	12,882
(d) Deferred tax asset (net)	29	3,17,311	3,69,392
(e) Other non-current assets	9	61,275	44,949
<b>Total non-current assets</b>		<b>28,13,243</b>	<b>26,24,433</b>
<b>Current assets</b>			
(a) Inventories	10	15,95,895	29,19,913
(b) Financial assets			
-Trade receivables	12C	3,02,759	2,68,807
-Cash and cash equivalents	11A	4,51,585	9,40,004
-Bank balances other than cash and cash equivalent	11B	1,44,919	2,61,797
-Loans	12A	14,767	14,194
-Other Financial assets	12B	9,064	6,111
(c) Current tax assets (net)	13A	5,591	5,591
(d) Other current assets	13B	2,95,246	3,04,509
<b>Total current assets</b>		<b>28,19,826</b>	<b>47,20,925</b>
<b>Total assets</b>		<b>56,33,070</b>	<b>73,45,358</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	40,669	40,669
(b) Other equity	15	35,30,096	35,12,828
<b>Total equity</b>		<b>35,70,765</b>	<b>35,53,497</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
-Borrowings	16A	67,687	99,807
(b) Other non-current liabilities	17	95,706	41,286
(c) Provisions	16	14,871	12,790
<b>Total non-current liabilities</b>		<b>1,78,264</b>	<b>1,53,883</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
-Borrowings	18A	67,971	2,41,661
-Trade payables			
- Trade payable to MSME	18B	-	-
- Trade payable to other than MSME	18B	16,18,430	13,72,064
-Other financial liabilities	18C	38,099	28,503
(b) Other current liabilities	19	1,14,271	19,93,693
(c) Provisions	16	45,154	410
(d) Current tax liabilities (net)	20	115	1,648
<b>Total current liabilities</b>		<b>18,84,041</b>	<b>36,37,978</b>
<b>Total liabilities</b>		<b>20,62,304</b>	<b>37,91,861</b>
<b>Total equity and liabilities</b>		<b>56,33,070</b>	<b>73,45,358</b>

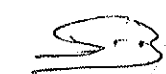
Summary of significant accounting policies

(1-4)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

 For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Registration No.:015163N

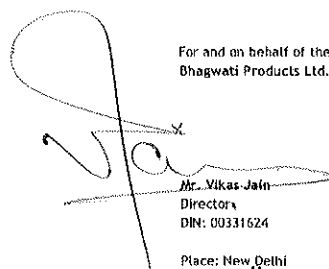


 Sandeep Jain  
Partner  
Membership No: 094847

Place: New Delhi

Date: 29/09/2023

 For and on behalf of the Board of Directors of  
Bhagwati Products Ltd.



 Mr. Vikas Jain  
Director  
DIN: 00331624

Place: New Delhi

Date: 29th Sep 2023



 Mr. Sumeet Kumar  
Director  
DIN: 00060398

Place: New Delhi

Date: 29th Sep 2023

**BHAGWATI PRODUCTS LIMITED**

Statement of Standalone Profit and Loss for the Period ended 31 March 2023

Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028

CIN: U15412DL2002PLC258355

(Amount in INR thousands, unless otherwise stated)

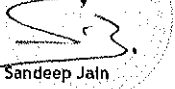
	Notes	Year ended 31 March 2023	Year ended 31 March 2022
<b>Income</b>			
Revenue from operations	21	92,70,304	1,33,71,589
Other income	22	3,20,692	62,284
<b>Total income</b>		<b>95,90,996</b>	<b>1,34,33,873</b>
<b>Expenses</b>			
Cost of Material Consumed	23A	80,83,516	1,28,54,968
Cost of traded goods	23B	17,223	30,012
Changes in Inventory	24	8,18,353	(2,57,776)
Employee benefit expense	25	1,94,929	1,96,110
Finance costs	26	15,115	12,414
Depreciation and amortization expense	27	1,74,031	1,50,452
Other expenses	28	1,70,345	2,62,515
<b>Total expenses</b>		<b>94,73,513</b>	<b>1,32,48,694</b>
<b>Profit/(Loss) before share of Profit/(Loss) of an associate / a JV and exceptional item</b>		<b>1,17,484</b>	<b>1,85,179</b>
Share of Profit/(Loss) of an associate / a JV		-	-
<b>Profit before exceptional item and tax</b>		<b>1,17,484</b>	<b>1,85,179</b>
Exceptional Item		33,260	-
<b>Profit Before Tax</b>		<b>84,224</b>	<b>1,85,179</b>
<b>Income tax expense</b>			
Current tax	29	14,387	32,726
Mat Credit	29	(2,758)	(607)
Deferred tax	29	54,839	45,492
<b>Total Income tax expense</b>		<b>66,469</b>	<b>77,611</b>
<b>Profit / (Loss) for the year</b>		<b>17,755</b>	<b>1,07,568</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurements gain/ (losses) of post-employment Defined Benefit Plans		(707)	589
Income tax relating to items that will not be reclassified to profit or loss		221	(184)
<b>Other comprehensive income for the year</b>		<b>(487)</b>	<b>405</b>
<b>Total income for the year</b>		<b>17,268</b>	<b>1,07,974</b>
<b>Earning per share (Amount in INR)</b>			
Basic Earning / (loss) per share (INR)	33	4.25	50.29
Diluted Earning / (loss) per share (INR)	33	4.25	50.29

Summary of significant accounting policies (1-4)

The accompanying notes are an integral part of the financial statements

As per our report of even date

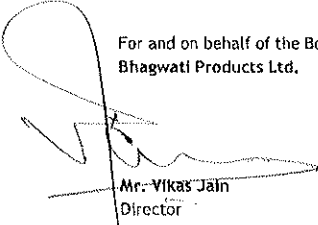
For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Registration No.: 015163N

  
Sandeep Jain  
Partner  
Membership No: 094847

Place: New Delhi

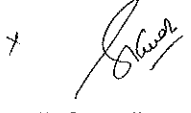
Date: 29/09/2023

For and on behalf of the Board of Directors of  
Bhagwati Products Ltd.

  
Mr. Vikas Jain  
Director  
DIN: 00331624

Place: New Delhi

Date: 29th Sep 2023

  
Mr. Sumeet Kumar  
Director  
DIN: 00060398

Place: New Delhi

Date: 29th Sep 2023



**BHAGWATI PRODUCTS LIMITED**

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

Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028

CIN: U15412DL2002PLC258355

(Amount in INR thousands, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax and exceptional items	84,224	1,85,179
Adjustments for:		
Depreciation and amortization expenses	1,74,031	1,50,452
Finance cost	15,115	21,167
Interest income	(28,881)	(16,949)
Remeasurement gain/(Loss) on defined benefit Plans	(487)	404
<b>Operating Profit/(loss) before working capital changes</b>	<b>2,44,002</b>	<b>3,40,253</b>
<b>Changes in working capital</b>		
Decrease/ (increase) in inventories	13,24,018	(6,23,706)
Decrease/ (increase) in trade receivables	(33,952)	(83,533)
(Decrease)/ increase in trade payables	2,46,367	9,53,050
(Decrease)/ increase in other current liabilities	(18,64,354)	4,33,123
Decrease/ (increase) in non-current liabilities	54,420	(5,718)
Increase in provisions	46,826	1,050
(Increase)/ decrease in other financial liabilities	9,596	(3,28,554)
(Decrease)/ increase in other financial assets	(59,300)	8,820
Increase in other current assets	9,263	62,080
Decrease/ (increase) in other non-current assets	(16,326)	(1,293)
Decrease in non-current assets	(16,326)	(208)
<b>Cash generated/ (used) in operations</b>	<b>(55,766)</b>	<b>7,55,364</b>
Income tax paid	15,920	61,591
Interest Accrued on FDR	5,959	1,902
<b>Net cash flows generated/(used) from operating activities (A)</b>	<b>(65,727)</b>	<b>6,95,675</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(3,48,120)	(3,56,942)
Proceeds from Loan Given	(573)	85,152
Proceeds from Redemption/(Investment) in FDR	1,18,046	(89,693)
Interest received	28,881	16,949
<b>Net cash flows generated/(used) from investing activities (B)</b>	<b>(2,01,766)</b>	<b>(3,44,534)</b>
<b>Cash flow from Financing activities</b>		
Proceeds from issuance of equity share capital	-	19,201
Proceeds from long term borrowings	(32,120)	99,807
Proceeds from short-term borrowings	(1,73,690)	(57,596)
Interest paid	(15,115)	(21,167)
Dividend paid	-	-
<b>Net cash flows generated/(used) from financing activities (C)</b>	<b>(2,20,926)</b>	<b>40,244</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>(4,88,419)</b>	<b>3,91,386</b>
Cash and cash equivalents at the beginning of the year	9,40,004	5,48,618
Cash and cash equivalents at the end of the year	4,51,585	9,40,003
Less: Bank Balances not considered as Cash and Cash Equivalents as defined in IND AS for Cash flow Statements	3,42,964	9,15,657
<b>Net Cash and Cash Equivalents as defined in IND AS for Cash Flow Statements</b>	<b>1,08,621</b>	<b>24,346</b>
<b>Cash and cash equivalents comprise (Refer note 11A)</b>		
Balances with banks		
On current accounts	1,08,571	24,329
Cash on hand	50	17
Cheques on hand	-	-
<b>Total cash and bank balances at end of the year</b>	<b>1,08,621</b>	<b>24,346</b>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Registration No. 1015163N

Sandeep Jain  
Partner  
Membership No: 094847

For and on behalf of the Board of Directors of  
Bhagwati Products Ltd.

Mr. Vikas Jain  
Director  
DIN: 00331624

Mr. Sumeet Kumar  
Director  
DIN: 00060398

Place: New Delhi  
Date: 29/09/2023

Place: New Delhi  
Date: 29th Sep 2023

Place: New Delhi  
Date: 29th Sep 2023

**BHAGWATI PRODUCTS LIMITED**  
Statement of changes in equity for the year ended 31 March 2023  
Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028  
CIN: U15412DL2002PLC258355  
(Amount in INR thousands, unless otherwise stated)

**(A) Equity share capital**

Equity shares of INR 10 each issued, subscribed and fully paid

	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Opening	40,66,935	40,669	21,46,874	21,469
Add: issue during the year	-	-	19,20,061	19,201
Closing	40,66,935	40,669	40,66,935	40,669

**(B) Other equity**

Particulars	Securities Premium	General reserve	Retained earnings	Total
Balance as at 1 April 2021	13,325	(24,223)	34,15,751	34,04,853
Profit for the year	-	-	1,07,569	1,07,569
Other comprehensive income	-	-	405	405
Total income for the year	-	-	1,07,974	1,07,974
Balance as at 31 March 2022	13,325	(24,223)	35,23,725	35,12,827

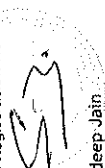
Particulars	Securities Premium	General reserve	Retained earnings	Total
Balance as at 1 April 2022	13,325	(24,223)	35,23,725	35,12,827
Profit for the year	-	-	17,755	17,755
Other comprehensive income	-	-	(486)	(486)
Total income for the year	-	-	17,269	17,269
Balance as at 31 March 2023	13,325	(24,223)	35,40,995	35,30,096

**Summary of significant accounting policies**

The accompanying notes are an integral part of the financial statements

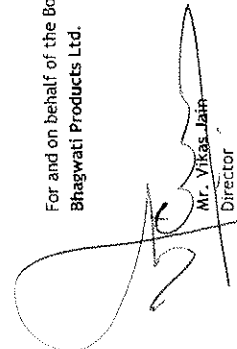
As per our report of even date

For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Registration No.: 015163N

  
Sandeep Jain  
Partner  
Membership No: 094847

Place: New Delhi  
Date: 29/09/2023

For and on behalf of the Board of Directors of  
Bhagwati Products Ltd.

  
Mr. Vikas Jain  
Director  
DIN: 00331624

Mr. Sumeet Kumar  
Director  
DIN: 00060398

Place: New Delhi  
Date: 29th Sep 2023



## Bhagwati Products Limited

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023

Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028

CIN: U15412DL2002PLC258355

(Amount in INR thousands, unless otherwise stated)

### 1 General Information

Bhagwati Products Limited (the "Company") is a private limited company domiciled in India and was incorporated on 28 October 2002 under the provisions of the Companies Act, 1956 applicable in India. Its registered and principal office of business is located at 21/14A, Naraina Industrial Area, Phase-2, New Delhi. The Company is into the business of manufacturing and trading of Mobile Phones, Tablets, LED TV's, Air conditioners, TWS, Laptop, Hearable, Wearable, Accessories, other electronic items etc.

### 2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

#### 2.1 Basis of Preparation of Financial Statements

##### (a) Statement of Compliance with Ind AS

These 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 Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, presentation requirements of Division II of Schedule III to the Companies Act, 2013 ("Ind AS compliant schedule") and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Financial statements for the year ended 31 March 2018 and onwards are prepared in accordance with Ind AS.

The financial statements are approved for issuance by the Company's Board of Directors on 29th September 2023.

##### (b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

Certain financial assets and liabilities (including derivative instruments) and defined Benefit Plans measured at fair value (refer accounting policy on financial instruments).

##### (c) Current vs 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

##### (d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements.

#### 2.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

##### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

##### Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Useful Life
Right of use Assets*	Lease period
Plant & Machinery	10 years
Furniture and Fixtures	10 years
Office Equipment	5 years

Computers	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

\* Right of use Assets are amortized over the lease period, which corresponds with the useful lives of the assets.

Based on the technical experts assessment of useful life, useful lives of plant and machinery have been considered to be 10 years instead of 15 years specified in part C of Schedule II of the

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

### 2.3 Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization.

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its all intangible assets recognised as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Useful life
Website	10 years
Trademark	3 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

### 2.4 Foreign Currency Transactions

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and reporting currency.

#### (b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

### 2.5 Revenue Recognition

Effective April 1, 2018, the company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to recognized. The company has adopted Ind AS 115 using cumulative effect method, where any effect arising upon application of this standard is recognized as at the date of initial application and the comparative information on the statement of profit and loss is not restated i.e. the comparative information continues to be reported under previous standards on revenue i.e. Ind AS 11 and Ind AS 18. There was no impact on adoption of Ind AS 115 to the financial statements of the company.

#### Sale of goods

Revenue is recognized when the company satisfies the performance obligation by transferring the promised goods or services to the customers. Goods and services are considered performed when the customer obtains control, whereby the customer gets the ability to direct the use of such goods and services and substantially obtains all the benefits from such goods or services. Where there is any uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

#### Sale of Services

Revenue from services is recognized when such services are rendered to the customers as per terms of the contract. The company collects GST on behalf of customers and therefore is not an economic benefit flowing to the company. Hence it is excluded from the revenue. Revenue from services is recognised when the following conditions are satisfied:

- the amount of revenue can be reliably measured.
- it is probable that the economic benefits associated with the transaction will flow to the entity.
- the stage of completion of transaction at the end of the reporting period can be measured reliably and
- the costs incurred for the transaction and the costs to complete the transactions can be reliably measured.

#### Other Income

- Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.
- Government grants are recognized once there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.
- Sale of scrap is recognized once scrap is sold and payment for the same has been received.
- Gain of foreign exchange fluctuation is recognized on mark-to-market basis at the end of every financial year.
- Rental income from renting of immovable property is recognized ratably over the period in which services are rendered.



## 2.6 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## 2.7 Taxes

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

### (a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered 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 year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### (b) Deferred tax

Deferred tax is recognised using the liability method on temporary difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, if any. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that taxable profit will be available to allow or part of the deferred tax asset to be utilized, unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax asset and liabilities are offset if a legally enforceable right exist to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entities and the same taxable authorities.

### (c) Minimum Alternate Tax

MAT paid in a year is charged to the Statement of Profit & Loss Account as current tax. The company recognises MAT credit as an asset only to the extent there is reasonable certainty that the company will pay normal tax during the specified period i.e. the period for which the MAT credit is allowed to be carried forward. In the year the company recognises MAT credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss as "MAT credit entitlement". The company reviews the "MAT credit entitlement" asset as each reporting date and writes down the asset to the extent the company doesn't have reasonable certainty that it will pay normal tax during the specified period.

## 2.8 Research cost

The Company treats its expenditure on research and development directly through Statement of Profit & Loss as an expense unless it results in future economic benefits beyond the operating cycle of the company.

## 2.9 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average basis.
- Finished goods and work in progress: cost includes cost of cost of purchase, conversion costs and other costs in bringing the inventory to its present condition and location. Cost is determined on Weighted Average Price basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted Average Price basis.

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

## 2.10 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a company of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of Impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## 2.11 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## 2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash in hand and deposits with banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## 2.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (a) Financial assets

#### (i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

#### (iii) Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

### (b) Financial liabilities

#### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

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

#### (ii) Subsequent measurement

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

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

##### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

#### (iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

### (c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## 2.14 Employee Benefits

### (a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. It also includes leaves encashed within 12 months from the end of the year.



(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under defined benefit plans can be encashed only on discontinuation of service by employee.

2.15 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereon for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.17 Fair value Measurement

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

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

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

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

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

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

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

1. Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
3. Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

Bhagwati Products Limited

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2023

Registered Address: Plot No.-21/14, Block-A, Naraina Industrial Area, Phase-2, New Delhi-110028

CIN: U15412DL2002PLC258355

(Amount in INR thousands, unless otherwise stated)

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

#### 2.18 Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

### 3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

#### 3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) Defined benefit plans (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

#### 4 Policy on Impairment of Financial Asset i.e. Trade receivable

Customer credit risk is managed subject to company's established policy, procedures and controls relating to customer credit risk management. The management regularly monitors outstanding customer receivables.



5 Property, plant and equipment

	Gross block			Depreciation			Net block	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	For the year Adjustments	As at 31 March 2023	As at 31 March 2022
<b>Owned assets</b>								
Freehold Land	31,402	-	-	31,402	-	-	-	31,402
Leasehold Improvement	14,206	-	-	14,206	1,015	169	1,184	13,191
Building	6,63,582	1,95,713	-	8,59,296	1,00,766	25,517	1,26,283	7,33,012
Plant and Machinery	13,36,930	2,30,777	133	15,67,574	3,74,648	1,31,838	5,06,472	10,61,101
Furniture and Fixtures	60,080	41	-	60,121	33,968	5,837	39,804	26,317
Office Equipment	59,183	-	-	59,183	50,647	1,674	52,321	6,862
Computers	43,866	1,668	-	45,534	40,347	654	41,001	3,520
Vehicles	19,851	-	-	19,851	13,625	2,395	16,020	3,831
<b>Sub-Total</b>	<b>22,29,101</b>	<b>4,28,199</b>	<b>133</b>	<b>26,57,167</b>	<b>6,15,014</b>	<b>1,68,084</b>	<b>7,83,086</b>	<b>18,74,082</b>
<b>Right of use Assets</b>								
Leasehold Land	4,78,102	-	-	4,78,102	17,608	3,488	21,097	4,57,006
<b>Sub-Total</b>	<b>4,78,102</b>	<b>-</b>	<b>-</b>	<b>4,78,102</b>	<b>17,608</b>	<b>3,488</b>	<b>21,097</b>	<b>4,57,006</b>
<b>Total</b>	<b>27,07,203</b>	<b>4,28,199</b>	<b>133</b>	<b>31,35,270</b>	<b>6,32,622</b>	<b>1,71,573</b>	<b>8,04,183</b>	<b>23,31,087</b>

	Gross block			Depreciation			Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	As at 1 April 2021	For the year Adjustments	As at 31 March 2022	As at 31 March 2021
<b>Owned assets</b>								
Freehold Land	31,402	-	-	31,402	-	-	-	31,402
Leasehold Improvement	14,206	-	-	14,206	846	169	1,015	13,360
Building	5,74,870	88,713	-	6,63,582	82,484	18,282	1,00,766	5,62,816
Plant and Machinery	9,73,890	3,63,040	-	13,36,930	2,61,663	1,12,985	3,74,648	9,62,282
Furniture and Fixtures	57,271	2,809	-	60,080	27,910	6,058	33,968	29,361
Office Equipment	54,640	4,543	-	59,183	45,909	4,738	50,647	8,731
Computers	43,040	826	-	43,866	40,109	237	40,347	3,520
Vehicles	19,851	-	-	19,851	11,151	2,474	13,625	2,931
<b>Sub-Total</b>	<b>17,69,170</b>	<b>4,59,931</b>	<b>-</b>	<b>22,29,101</b>	<b>4,70,073</b>	<b>1,44,943</b>	<b>6,15,014</b>	<b>16,14,085</b>
<b>Right of use Assets</b>								
Leasehold Land	4,78,102	-	-	4,78,102	14,120	3,488	17,608	4,60,494
<b>Sub-Total</b>	<b>4,78,102</b>	<b>-</b>	<b>-</b>	<b>4,78,102</b>	<b>14,120</b>	<b>3,488</b>	<b>17,608</b>	<b>4,60,494</b>
<b>Total</b>	<b>22,47,272</b>	<b>4,59,931</b>	<b>-</b>	<b>27,07,203</b>	<b>4,84,192</b>	<b>1,48,431</b>	<b>6,32,622</b>	<b>20,74,579</b>

6 Intangible assets

	Gross block			Depreciation			Net block	
	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023	As at 1 April 2022	For the year Adjustments	As at 31 March 2023	As at 31 March 2022
<b>Computer Software</b>								
Trademark	12,271	-	-	12,271	5,469	2,349	7,818	6,802
Website	326	-	-	326	310	-	310	16
<b>Total</b>	<b>13,863</b>	<b>-</b>	<b>-</b>	<b>13,863</b>	<b>6,414</b>	<b>2,458</b>	<b>8,872</b>	<b>7,449</b>

	Gross block			Depreciation			Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	1 April 2021	For the year Adjustments	As at 31 March 2022	As at 31 March 2021
Computer Software	9,620	2,651	-	12,271	3,613	1,856	5,469	6,007
Trademark	326	-	-	326	248	62	310	16
Website	1,266	-	-	1,266	526	109	635	740
<b>Total</b>	<b>11,212</b>	<b>2,651</b>	<b>-</b>	<b>13,863</b>	<b>4,387</b>	<b>2,027</b>	<b>6,414</b>	<b>6,825</b>

**7 Capital Work In Progress**

	As at 1 April 2022	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2023
Capital Work In Progress	1,12,110	17,222	97,301	32,031
<b>Total</b>	<b>1,12,110</b>	<b>17,222</b>	<b>97,301</b>	<b>32,031</b>

	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022
Capital Work In Progress	2,17,751	81,497	1,87,138	1,12,110
<b>Total</b>	<b>2,17,751</b>	<b>81,497</b>	<b>1,87,138</b>	<b>1,12,110</b>

**Schedule of Capital Work in Progress (Ageing)**

	For the Year ending 31-03-2023				
	Amount in Capital Work in Progress for a period of				
	Less than 1 year	1-2 Years	2-3 years	More than 3 Years	Total
Capital Work in Progress	1,992	15,217	252	14,570	32,031
Projects in Progress	-	-	-	-	-
Projects Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>1,992</b>	<b>15,217</b>	<b>252</b>	<b>14,570</b>	<b>32,031</b>

	For the Year ending 31-03-2022				
	Amount in Capital Work in Progress for a period of				
	Less than 1 year	1-2 Years	2-3 years	More than 3 Years	Total
Capital Work in Progress	70,571	847	40,693	-	1,12,110
Projects in Progress	-	-	-	-	-
Projects Temporarily Suspended	-	-	-	-	-
<b>Total</b>	<b>70,571</b>	<b>847</b>	<b>40,693</b>	<b>-</b>	<b>1,12,110</b>

(a) Previous GAAP carrying value as deemed cost  
The company has elected the option of Previous GAAP carrying value as deemed cost for property, plant and equipment.



**BHAGWATI PRODUCTS LIMITED**
**Notes forming part of the Financial Statements for the Year ended 31 March 2023**

(Amount in INR thousands, unless otherwise stated)

	31 March 2023	31 March 2022
<b>Non-current financial assets</b>		
<b>8A Investments</b>		
<u>Other Investments</u>		
Investments in Gratuity Fund Trust	3,278	3,070
	<u>3,278</u>	<u>3,070</u>
<b>8B Other Financial Assets</b>		
<u>Unsecured, considered good</u>		
Security deposits	59,720	8,163
In Fixed deposit accounts with maturity for more than 12 months from balance sheet date.	3,550	4,719
	<u>63,270</u>	<u>12,882</u>
<b>9 Other non-current assets</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Capital Advance	16,326	-
<u>Other than Capital Advance</u>		
Duty paid under protest	44,949	44,949
<b>Total other non-current other assets</b>	<u>61,275</u>	<u>44,949</u>
<b>10 Inventories</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Raw Material	10,56,782	16,47,738
Work in progress	24,687	80,074
Finished goods	3,71,424	11,34,390
Packing material	23,780	26,911
Goods in transit	1,19,221	30,800
<b>Total inventories</b>	<u>15,95,895</u>	<u>29,19,913</u>
* Inventories are carried at Cost and NRV whichever is lower		
<b>11a Cash and bank balances</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<u>Cash and cash equivalents</u>		
Balances with banks		
On current accounts	1,08,571	24,329
Cash on hand	50	17
<u>Others</u>		
Fixed deposits with maturity of less than 3 months	3,42,964	9,15,657
<b>Total cash and cash equivalents</b>	<u>4,51,585</u>	<u>9,40,004</u>
<b>11b Bank balances other than Cash and cash equivalent</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<u>Balances with Banks to the extent held as margin money or security against borrowings</u>		
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	1,44,919	2,61,797
	<u>1,44,919</u>	<u>2,61,797</u>
<b>12 Current financial assets</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>(A) Loans</b>		
Loans to related party	14,767	14,194

**BHAGWATI PRODUCTS LIMITED**
**Notes forming part of the Financial Statements for the Year ended 31 March 2023**

(Amount in INR thousands, unless otherwise stated)

	14,767	14,194
<b>Break up for Loans</b>		
Secured, considered good	-	-
Unsecured, considered good	14,767	14,194
Receivable which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
	<b>14,767</b>	<b>14,194</b>
<b>Less :- Allowance for expected credit loss</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Receivable which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
	<b>-</b>	<b>-</b>
<b>Net Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	14,767	14,194
Receivable which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
	<b>14,767</b>	<b>14,194</b>
<b>Repayable on Demand</b>	<b>14,767</b>	<b>14,194</b>
Without Specifying any terms or period of repayment	-	-

**As at 31st March 2023**

Type of Borrower	Amount of Loan or Advance in the Nature of Loan Outstanding	Percentage of Total Loans and Advances in the Nature of Loan
Promoters	-	-
Directors	-	-
KMP's	-	-
Related Parties	14,767	100.00%
<b>Total</b>	<b>14,767</b>	<b>100.00%</b>

**As at 31st March 2022**

Type of Borrower	Amount of Loan or Advance in the Nature of Loan Outstanding	Percentage of Total Loans and Advances in the Nature of Loan
Promoters	-	-
Directors	-	-
KMP's	-	-
Related Parties	14,194	100.00%
<b>Total</b>	<b>14,194</b>	<b>100.00%</b>

**(B) Other Financial assets**

	31 March 2023	31 March 2022
Security deposit	3,542	3,145
Less: Allowance for Expected Credit Loss	(1,230)	-
Interest accrued on fixed deposits	5,959	1,902
Employee Advance	793	1,064

**BHAGWATI PRODUCTS LIMITED**
**Notes forming part of the Financial Statements for the Year ended 31 March 2023**

(Amount in INR thousands, unless otherwise stated)

		31 March 2023	31 March 2022
<b>( C) Trade Receivables</b>			
Secured, considered good		-	-
Unsecured, considered good		3,02,759	2,68,807
Receivable which have significant increase in credit risk		-	-
Secured, considered good- Related Parties		-	-
		<b>3,02,759</b>	<b>2,68,807</b>
<b>Less: Allowance for expected credit loss</b>			
Secured, considered good		-	-
Unsecured, considered good		-	-
Receivable which have significant increase in credit risk		-	-
Receivable credit impaired		-	-
		<b>-</b>	<b>-</b>
<b>Net Trade Receivables</b>			
Secured, considered good		-	-
Unsecured, considered good		3,02,759	2,68,807
Receivable which have significant increase in credit risk		-	-
Receivable credit impaired		-	-
		<b>3,02,759</b>	<b>2,68,807</b>

\*Trade Receivables includes related party Rs. 1.83 Cr (31 March 2022: Nil)

**Breakup of Financial Assets at amortised cost:**

Trade receivables	12C	3,02,759	2,68,807
Cash and cash equivalents	11A	4,51,585	9,40,004
Bank balances other than cash and cash equivalent	11B	1,44,919	2,61,797
Loans	12A	14,767	14,194
Other Financial assets- Current	12B	9,064	6,111
Other Financial assets- Non Current	8	63,270	12,882
Investments in Gratuity Fund Trust	8A	3,278	3,070
<b>Total</b>		<b>9,89,641</b>	<b>15,06,864</b>

13A Current tax assets	31 March 2023	31 March 2022
Income tax refund	5,591	5,591
	<b>5,591</b>	<b>5,591</b>

13B Other current assets	31 March 2023	31 March 2022
Balance with government authorities	68,197	1,06,008
Subsidy recoverable from Government	1,84,514	1,14,680
Advance to vendors	40,389	79,709
Less: Allowance for Expected Credit loss	(1,169)	-
Prepaid expenses	3,315	4,111
	<b>2,95,246</b>	<b>3,04,509</b>



**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the Year ended 31 March 2023

(Amount in INR thousands, unless otherwise stated)

**14 Equity share capital**

The Company has only one class of equity share capital having a par value of ₹ 10 per share, referred to herein as equity

Authorized

50,00,000 (31 March 2022: 50,00,000) Equity Shares of Rs. 10/- each

31 March 2023	31 March 2022
50,000	50,000
<b>50,000</b>	<b>50,000</b>

Issued, subscribed and paid up

40,66,935 (31 March 2022: 40,66,935) equity shares of Rs. 10 each fully paid

Total

40,669	40,669
<b>40,669</b>	<b>40,669</b>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	31 March 2023		31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	40,66,935	40,669	21,46,874	21,469
Add: Issued during the year	-	-	19,20,061	19,201
Outstanding at the end of the year	<b>40,66,935</b>	<b>40,669</b>	<b>40,66,935</b>	<b>40,669</b>

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	31 March 2023		31 March 2022	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Equity Shares of Rs.10 each fully paid up				
Rajesh Agarwal	12,63,874	31.08%	12,63,874	31.08%
SMK & Associates (Through Mr. Mukesh Gupta)	2,26,493	5.57%	2,26,493	5.57%
VRS & Associates (Through Mr. Vikas Jain)	25,76,248	63.35%	25,76,248	63.35%

**(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.**
**(e) Disclosure of Shareholding of Promoters:**

Shares held by Promoters at the end of the year					
Promoter name	No. of shares as on 31-03-2023	% of Total Number of Shares	No. of shares as on 31-03-2022	% of Total Number of Shares	% Change during the year
Rajesh Agarwal	12,63,874	31.08%	12,63,874	31.08%	0.00
SMK & Associates (Through Mr. Mukesh Gupta)	2,26,493	5.57%	2,26,493	5.57%	0.00
VRS & Associates (Through Mr. Vikas Jain)	25,76,248	63.35%	25,76,248	63.35%	0.00

**15 Other equity**
**(A) Securities premium (SP)\***

 Opening balance  
 Add : Securities premium credited on share issue during year  
 Closing balance

31 March 2023	31 March 2022
13,325	13,325
<b>13,325</b>	<b>13,325</b>

\*SP record premium on issue of shares to be utilised in accordance with the Act.

**(B) General reserve (GR)**

 Opening balance  
 Add: Transfer from IInd AS adjustments  
 Closing balance

(24,223)	(24,223)
<b>(24,223)</b>	<b>(24,223)</b>

**(C) Surplus/(deficit) in the Statement of Profit and Loss**

 Opening balance  
 Add: Transferred from statement of profit and loss for the year  
 Add: IInd AS adjustments for the year  
 Less: Re-measurement gain/(loss) on post employment defined benefit plans (net of tax)  
 Less: Dividend Paid and corporate tax on Dividend  
 Closing balance

35,23,726	34,15,752
17,755	1,07,569
-	-
(487)	405
<b>35,40,994</b>	<b>35,23,726</b>

**Total other equity**

<b>35,30,096</b>	<b>35,12,828</b>
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**16 Provisions**
Provision for employee benefits

 Provision for Gratuity  
 Provision for Leave Encashment

Others

Provision for Expenses

**Total Provisions**

Long term		Short term	
31 March 2023	31 March 2022	31 March 2023	31 March 2022
11,286	9,787	472	311
3,585	3,003	147	99
-	-	44,535	-
<b>14,871</b>	<b>12,790</b>	<b>45,154</b>	<b>410</b>

**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the Year ended 31 March 2023

(Amount in INR thousands, unless otherwise stated)

<u>Financial Liabilities</u>		31 March 2023	31 March 2022
16A	<b>Borrowings</b>		
	<u>Secured</u>		
	<u>Term Loans</u>		
	From Banks**	67,687	99,807
		<u>67,687</u>	<u>99,807</u>
17	<b>Other non-current liabilities</b>	31 March 2023	31 March 2022
	Deferred Revenue (Capital Subsidy Received)	95,416	39,183
	Other Liabilities	290	2,103
		<u>95,706</u>	<u>41,286</u>
	<b>Notes</b>		
(a)	<b>Deferred Revenue</b>	31 March 2023	31 March 2022
	At 1 April	46,064	53,458
	Deferred During the Year	1,05,191	-
	Released to the Statement of Profit and Loss	38,439	7,393
	At 31 March	<u>1,12,817</u>	<u>46,064</u>
	Current	17,401	6,882
	Non Current	95,416	39,183
b)	Bhagwati Products Limited - Hyderabad Plant had been eligible for Capital and Revenue grant on fulfilling the conditions mentioned under the GO MS No. 70 & 71, laid down by the Industries & Commerce (BP&INF) Department - Telangana.		
	On fulfilling the conditions the department had granted a Capital Subsidy of Rs. 3,33,08,617.60/- during the FY 2017-18. The accounting treatment of the subsidies received have been done in accordance with the provisions of IND AS - 20. As per the provisions the Grants in recognition of specific expenses are recognised in profit or loss in the same period as the relevant expenses and grants related to depreciable assets are recognised in profit or loss over the periods of life of the asset.		
	Hence, with regard to Building an income of Rs. 2,89,344.17/- (31-Mar- 2022 Rs. 2,89,344.17) have been recognised for the period ended 31/03/2023 and likewise with regard to Plant & Machinery an income of Rs. 24,62,829.26/- (31-Mar- 2022 Rs. 24,62,829.26) have been duly recognised for the period ended 31/03/2023.		
c)	Bhagwati Products Limited - Hyderabad Plant & Rajasthan Plant had applied for Capital Incentive to the tune of 25% of capex expenditure and reimbursement of Excise /CVD on eligible capital equipment, under the MSIPs Policy laid down by the MEITY.		
	Upon fulfilment of the various conditions the department had granted a Capital Subsidy of Rs. 4,57,92,949.35/- & Rs. 1,79,06,472.58/- to Hyderabad Plant & Rajasthan Plant respectively against the eligible capital expenditures incurred. The accounting treatment of the subsidies received have been done in accordance with the provisions of IND AS - 20 and the grants related to depreciable assets are recognised in profit or loss over the periods of life of the asset.		
	Hence, with regard to various eligible assets an income of Rs. 30,58,085/- (31-Mar- 2022 Rs. 30,58,085/-) have been recognised for the period ended 31/03/2023 for the Hyderabad Plant and likewise with regard to various eligible assets an income of Rs. 10,71,242.00 (31-Mar- 2022 Rs. 15,83,216.00/-) have been duly recognised for the period ended 31/03/2023 for the Rajasthan Plant.		
d)	Bhagwati Products Limited - Rajasthan Plant had applied for Capital Incentive to the tune of 25% of capex expenditure and reimbursement of Excise /CVD on eligible capital equipment, under the MSIPs Policy laid down by the MEITY.		
	Upon fulfilment of the various conditions the department had granted a Capital Subsidy of Rs. 10,51,90,909/- to Rajasthan Plant against the eligible capital expenditures incurred. The accounting treatment of the subsidies received have been done in accordance with the provisions of IND AS - 20 and the grants related to depreciable assets are recognised in profit or loss over the periods of life of the asset.		
	Hence, with regard to various eligible assets an income of Rs. 3,15,57,273/- (31-Mar- 2022 Rs. NIL) have been recognised for the period ended 31/03/2023 for the Rajasthan Plant.		
18	<b>Financial liabilities</b>	31 March 2023	31 March 2022
(A)	<b>Short-term borrowings</b>		
	<u>Secured</u>		
(i)	<u>Loans Repayable on Demand</u>		
	From Banks		
	Cash Credit A/c*	39,963	2,17,765
(ii)	<u>Current Maturities of Long Term Borrowings</u>		
	Term Loans**	28,008	23,896
	Total short-term borrowings	<u>67,971</u>	<u>2,41,661</u>
	<b>Notes:-</b>		
	*Secured by way of hypothecation of part passu charge of stocks of raw material, semi finished goods and finished goods and packing material of the company's products lying in the factory premises/ godowns or in transit.		
	Hypothecation of book debts of the company by way of part passu charge with other lender banks SBI, HDFC Bank, arising out of genuine trade transactions.		
	Hypothecation and first and part passu charge on all other current assets of the company by way of part passu charge with SBI, HDFC Banks.		
	** Secured by way of exclusive charge over all the fixed assets-movable and immovable (Land and Building, Plant and Machinery), both present and future of the plants situated at Plot No SP1-1, Industrial Area, Karoli, Distt. Alwar, Rajasthan, owned by Bhagwati Products Limited. Secondary Security by way of Personal Guarantee of all the directors of the company.		
(B)	<b>Trade payables</b>	31 March 2023	31 March 2022
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	16,18,430	13,72,064
	Total trade payables	<u>16,18,430</u>	<u>13,72,064</u>

**BHAGWATI PRODUCTS LIMITED**
**Notes forming part of the Financial Statements for the Year ended 31 March 2023**

(Amount in INR thousands, unless otherwise stated)

Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). There is no interest payable or paid to any suppliers under the said Act.

		31 March 2023	31 March 2022
(C) Other financial liabilities			
Payable to Employees		27,619	27,003
Security Deposits		10,480	1,500
Total other financial liabilities	(III)	38,099	28,503
 Total financial liability	(I+(II+III))	17,24,500	16,42,228
 Breakup of Financial Liabilities at amortised cost:			
Borrowings- Non Current	16A	67,687	99,807
Borrowings- Current	18A	67,971	2,41,661
Trade payables	18B	16,18,430	13,72,064
Other financial liabilities	18C	38,099	28,503
Total		17,92,187	17,42,035
 19 Other current liabilities		31 March 2023	31 March 2022
Statutory due payable		42,817	32,639
Other payables		75	53,405
Advance from customer		53,978	19,00,768
Deferred Revenue		17,401	6,882
Total other current liabilities		1,14,271	19,93,693
 20 Current tax liabilities (Net)			
Provision for taxation		115	1,648
(Net of TDS receivable)		115	1,648



**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the Year ended 31 March 2023

(Amount in INR thousands, unless otherwise stated)

<b>21</b>	<b>Revenue from operations</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	Sale of manufactured goods	92,28,989	1,33,04,938
	Sale of traded goods	16,695	47,164
	Sale of Services	24,621	19,487
	Revenue from operations (Net)	<u>92,70,304</u>	<u>1,33,71,589</u>
	India	92,70,304	1,33,71,589
	Outside India	-	-
	<b>Total</b>	<u><b>92,70,304</b></u>	<u><b>1,33,71,589</b></u>
	<b>Timing of Revenue Recognition</b>		
	Goods transferred at a point in time	92,45,683	1,33,52,102
	Services transferred over time	24,621	19,487
	<b>Total</b>	<u><b>92,70,304</b></u>	<u><b>1,33,71,589</b></u>
	<b>Contract Balances</b>		
	Trade Receivables	3,02,759	2,68,807
	Contract Liabilities	53,978	19,00,768

**Notes:**

- (a) The company collects Goods and Services Tax (GST) on behalf of Government and hence, GST is not included in Revenue from Operations.
- (b) Revenue from Operations includes Sale to Related Parties amounting to Rs. 89.69 crs (P/Y: Rs.235.59 crs).
- (c) Sale of services include income from related party amounting to Rs. 61,44,135.00 (P/Y: Rs.16,37,348.00).

<b>22</b>	<b>Other Income</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	Sale of scrap items	18,332	21,546
	Interest income		
	- on fixed deposits	28,825	16,124
	- on Loan to subsidiaries*	-	496
	- on others	55	330
	Miscellaneous income**	12,752	6,784
	Incentives from state government	2,00,778	8,764
	Gain on Foreign Exchange Fluctuation	59,003	4,940
	Amount Written Back as No Longer Payable	947	3,302
	<b>Total other income</b>	<u><b>3,20,692</b></u>	<u><b>62,284</b></u>

\* Interest income on Loan to Subsidiaries include Interest receivable from loan to related party amounting to Rs. NIL (P/Y: 4,95,941.02)

\*\* Rental Income include income from related party amounting to Rs. 3,77,500.00 (P/Y: Rs. 8,90,400.00). For details refer related party disclosures.

<b>23 (A)</b>	<b>Cost of material consumed</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	Opening stock	17,05,449	13,39,518
Add:	Purchases	67,99,200	1,22,40,299
Add:	Closing Goods in transit	1,19,221	30,800
Less:	Opening Goods in transit	30,800	20,736
Add:	Direct expenses	5,71,009	9,70,535
Less:	Closing stock	10,80,563	17,05,449
		<u><b>80,83,516</b></u>	<u><b>1,28,54,968</b></u>

**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the Year ended 31 March 2023

(Amount in INR thousands, unless otherwise stated)

23 (B) Cost of traded goods	31 March 2023	31 March 2022
Opening stock	-	-
Add: Purchases	17,223	30,012
Add: Direct expenses	-	-
Less: Closing stock	-	-
	<u>17,223</u>	<u>30,012</u>

Note:

(a) Purchases includes purchases from related party amounting to Rs. 67.66 crs (P/Y: Rs.205.25 crs)

24 Change in level of inventories	31 March 2023	31 March 2022
(a) Semi-finished goods		
Opening Stock	80,074	6,219
Less: Closing Stock	24,687	80,074
Change in level of semi-finished goods	<u>55,387</u>	<u>(73,855)</u>
(b) Finished goods		
Opening Stock	11,34,390	9,50,469
Less: Closing Stock	3,71,424	11,34,390
Change in level of finished goods	<u>7,62,966</u>	<u>(1,83,921)</u>
Total changes in inventory	<u>8,18,353</u>	<u>(2,57,776)</u>

**25 Employee Benefit Expenses**

Salaries, wages, bonus and other allowances*	1,76,394	1,76,840
Contribution to Provident Fund and ESI	8,625	8,067
Staff welfare expenses	9,910	11,202
Total employee benefits expense	<u>1,94,929</u>	<u>1,96,110</u>

\*Salaries, Wages, bonus and other allowances includes provision for gratuity and leave encashment as per actuarial valuation.

\*Salaries includes Payable to Related Parties. For Details, refer related party disclosures.

26 Finance costs	31 March 2023	31 March 2022
Interest Cost	9,915	7,510
Other Borrowing Cost	5,200	4,904
Total finance costs	<u>15,115</u>	<u>12,414</u>

27 Depreciation and amortization expense	31 March 2023	31 March 2022
Depreciation	1,71,573	1,48,515
Amortization	2,458	1,937
Total depreciation and amortization expense	<u>1,74,031</u>	<u>1,50,452</u>

28 Other expenses	31 March 2023	31 March 2022
Advertisement, selling & distribution expenses	304	426
Rent*	3,594	4,107
Bank Charges	8,978	9,688
Repairs and maintenance P&M	7,819	7,841
Repairs and maintenance Building	2,657	222
Other Repair and Maintenance	5,403	3,352
Printing and Stationary	929	964
Travelling and Conveyance Expenses	11,106	11,854
Telephone & communication expenses	2,769	2,305

**BHAGWATI PRODUCTS LIMITED**
**Notes forming part of the Financial Statements for the Year ended 31 March 2023**
**(Amount in INR thousands, unless otherwise stated)**

Insurance	9,188	7,286
Rates and Taxes	4,358	6,645
Interest on Taxes	303	8,753
Research Cost**	-	332
Payment to Auditors****	1,485	1,660
Bad debts	445	77,240
Software Expenses	-	783
License expenses	313	154
Manpower Hire Charges	71,083	83,031
Cartage and freight	114	566
CSR Expenditure	1,572	449
Legal and Professional Fees	14,339	16,831
Other administration expenses	18,783	16,826
Donation	140	500
Vendor write off	1,901	-
Provision for doubtful debt	2,399	-
Miscellaneous Expenses	363	701
<b>Total other expenses</b>	<b>1,70,345</b>	<b>2,62,515</b>

\* Rent includes payment to related parties Rs. 0.24 crs (P/Y : 0.24 crs)

\*\* Research Cost includes expenditure towards R&D in plant

\*\*\*\*Note : The following is the break-up of Payment to Auditors

	31 March 2023	31 March 2022
<b>As auditor</b>		
Audit Fee	1,000	1,000
<b>In other capacity</b>		
Other matters	485	660
<b>Total</b>	<b>1,485</b>	<b>1,660</b>

**29 Income Tax**

(A) The major components of Income tax expense are:

	31 March 2023	31 March 2022
<b>Current Income Tax:</b>		
Current Income Tax Charge	14,387	32,726
<b>Deferred Tax:</b>		
Relating to Origination and reversal of temporary differences	54,839	45,492
<b>Income Tax Expense reported in Profit and Loss Account</b>	<b>69,227</b>	<b>78,218</b>

**Other Comprehensive Income (OCI)**

Deferred tax relating to items recognised in OCI during the year  
Re-measurements gain/(losses) of post-employment Defined Benefit Plans  
Income tax credited to OCI

31 March 2023	31 March 2022
(221)	184
<b>(221)</b>	<b>184</b>

(B) Deferred tax relates to the following

	31 March 2023	31 March 2022
<b>Deferred tax assets</b>		
On provision for employee benefits	7,237	6,391
On Other Item	-	16,097
	<b>7,237</b>	<b>22,488</b>
<b>Deferred tax liabilities</b>		
On Difference of WDV	2,10,965	1,70,675



**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the Year ended 31 March 2023

(Amount in INR thousands, unless otherwise stated)

On others	15,006	15,707
	2,25,970	1,86,382
<b>Net Deferred tax asset/(Liabilities)</b>	<b>(2,18,733)</b>	<b>(1,63,894)</b>
<b>(C) Recognition of deferred tax asset to the extent of deferred tax liability</b>		
<b>Balance sheet</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Deferred tax asset	7,237	22,488
Deferred tax liabilities	2,25,970	1,86,382
<b>Deferred tax assets / (liabilities), net</b>	<b>(2,18,733)</b>	<b>(1,63,894)</b>
<b>(D) Reconciliation of deferred tax assets/ (liabilities) (net)</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Opening balance as of 1 April	(1,63,894)	(1,18,402)
Tax liability recognized in Statement of Profit and Loss	(54,839)	(45,492)
Tax asset recognized in Statement of Profit and Loss	-	-
<b>Closing balance as at</b>	<b>(2,18,733)</b>	<b>(1,63,894)</b>
<b>(E) MAT credit entitlement</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
MAT accumulated till financial year (2013-14)	2,178	2,178
MAT for the financial year (2014-15)	1,96,646	1,96,646
MAT for the financial year (2015-16)	2,94,992	2,94,992
MAT for the financial year (2017-18)	2,052	2,052
MAT for the financial year (2018-19)	2,574	2,574
MAT for the financial year (2020-21)	34,236	34,236
MAT for the financial year (2021-22)	607	607
MAT for the financial year (2022-23)	2,758	-
<b>Total MAT Credit available</b>	<b>5,36,044</b>	<b>5,33,286</b>
<b>(F) Deferred Tax Asset (net)</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
MAT Credit	5,36,044	5,33,286
Deferred Tax Asset / (Liability)	(2,18,733)	(1,63,894)
<b>Deferred Tax Asset / (Liability)</b>	<b>3,17,311</b>	<b>3,69,392</b>
<b>(G) The reconciliation of Income Tax provision computed by applying the statutory income tax rate to the profit before tax and tax expense is summarised below:</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Profit Before Tax	84,224	1,85,179
Income tax using the company's domestic tax rate	16.70%	17.47%
<b>Expected tax Expenses (A)</b>	<b>14,065</b>	<b>32,351</b>
<b>Tax effect of adjustment to reconcile expected income tax expense to reported income tax Expenses</b>		
Non deductible expenses/non taxable income	321	64
Measurement of Deferred taxes on expected tax rates	54,839	45,492
Weighted and standard deduction for certain expenditure under income tax Act, 1961	-	-
Tax expenses related to earlier years	-	-
Others	(2,758)	(296)
<b>Total Adjustment (B)</b>	<b>52,403</b>	<b>45,260</b>
<b>Actual Tax Expenses (C= A+B)</b>	<b>66,469</b>	<b>77,611</b>

**BHAGWATI PRODUCTS LIMITED**

Notes to the financial statements for the year ended 31 March 2023

**Annexure 30**

**Trade Receivables**

(All Amounts are in Hundreds of Indian Rupees)

Particulars	Outstanding for following periods from due date of payment				Outstanding for following periods from due date of payment			
	31-03-2023				31-03-2022			
	(i) Undisputed Trade Receivables- Considered Good	(ii) Undisputed Trade Receivables- Considered Doubtful	(iii) Disputed Trade Receivables- Considered Good	(iv) Disputed Trade Receivables- Considered Doubtful	(iv) Bills not Due	(iv) Unbilled	(iv) Disputed Trade Receivables- Considered Doubtful	(iv) Disputed Trade Receivables- Considered Doubtful
Less than 6 months	3,01,663	-	-	-	-	-	1,62,165	-
6 months - 1 year	31	-	-	-	-	-	189	-
1-2 Years	1,065	-	-	-	-	-	99,980	-
2-3 Years	-	-	-	-	-	-	5,533	-
More than 3 Years	-	-	-	-	-	-	940	-
<b>Total</b>	<b>3,02,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,68,807</b>	<b>-</b>

**Annexure 31**

**Trade Payables**

(All Amounts are in Hundreds of Indian Rupees)

Particulars	Outstanding for following periods from due date of payment				Outstanding for following periods from due date of payment			
	31-03-2023				31-03-2022			
	(i) Undisputed Trade Payables- MSME	(ii) Undisputed Trade Payables- Others	(iii) Disputed Dues-MSME	(iv) Disputed Dues- Others	(iv) Bills not Due	(iv) Unbilled	(iv) Disputed Dues- Others	(iv) Disputed Dues- Others
Less than 1 Year	-	16,09,095	-	-	-	-	13,40,924	-
1-2 Years	-	8,641	-	-	-	-	30,458	-
2-3 Years	-	694	-	-	-	-	413	-
More than 3 Years	-	-	-	-	-	-	269	-
<b>Total</b>	<b>-</b>	<b>16,18,430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,72,064</b>	<b>-</b>

## Analytical Ratio's

Particulars	Numerator	Denominator	31st March 2023	31st March 2022	Variance
Current Ratio	Current Assets	Current Liabilities	1.50	1.30	0.20
Debt-Equity Ratio	Total Debt	Shareholder's Equity	3.80%	9.61%	-5.81%
Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	350.40%	175.99%	174.42%
Return on Equity	Net Profit After Taxes	Average Shareholder's Equity	0.48%	3.09%	-2.61%
Inventory Turnover Ratio	Sales	Average Inventory	4.11	5.13	-1.02
Trade Receivable Turnover Ratio	Net Credit Sales	Average Accounts Receivable	32.44	58.90	-26.46
Trade Payables Turnover Ratio	Net Credit Purchase	Average Accounts Payables	4.56	13.70	-9.14
Net Capital Turnover Ratio	Net Sales	Average Working Capital	9.18	12.67	-3.48
Net Profit Ratio	Net Profit After Taxes	Net Sales	0.19%	0.81%	-0.62%
Return on Capital Employed	Earning Before Interest and Taxes	Capital Employed	2.54%	4.74%	-2.20%
Return on Investment	NA				

Earning Available for Debt Service= Net Profit Before Taxes + Non Cash Operating Expenses+ Interest+Other Adjustments Like Loss on Sale of Fixed Assets

Debt Service= Interest and Lease Payments+Principal Repayments

Average Shareholders Fund means (Opening+Closing)/2

Average Inventory means (Opening+Closing)/2

Average Accounts Receivable= (Opening+Closing)/2

Average Accounts Payable= (Opening+Closing)/2

Average Working Capital means (Opening+Closing)/2 and Working Capital means Current Assets minus Current Liabilities)

Capital Employed= Tangible Net Worth+Total Debt+Deferred Tax Liability

Earning Before Interest and Taxes means Profit Before Tax + Interest Expense -Interest Income

**Remarks**

The increase in Debt Service Coverage Ratio is due to the decline in Debt Service in Current Financial year as compared to the previous year due to which ratio is increased in Current FY as compared to the previous Financial Year.

The decline in Trade Receivables Turnover ratio is due to the decline in sales in current financial year as compared to the previous financial year and simultaneously Average Trade Receivables has increased with comparison to the previous financial year.



**SHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

**33 Earnings per share**

Basic earnings per share amounts are calculated by dividing the earnings for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the earnings attributable to equity holders (after adjusting for interest on convertible securities) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2023	31 March 2022
Earnings attributable to equity holders	17,268	1,07,974
Weighted average number of equity shares for basic EPS*	4,067	2,147
Weighted average number of equity shares adjusted for the effect of dilution	4,067	2,147
Basic Earning per share ( In INR)	4.25	50.29
Diluted Earning per share ( In INR)	4.25	50.29

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

**34 Employee benefits**
**(A) Defined Contribution Plans**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss -

	31 March 2023	31 March 2022
Employers' Contribution to Provident Fund and Employee State Insurance	8,625	8,067

**(B) Defined benefit plans**

- Gratuity payable to employees
- Compensated absences for Employees

**i) Actuarial assumptions**

	31 March 2023	31 March 2022
Discount rate (per annum)	7.36%	7.26%
Rate of increase in Salary	5.50%	5.50%
Mortality Rates	100% of IALM (2012-14)	100% of IALM (2012-14)
Attrition rate		
Up to 30 Years	3.00%	3.00%
From 31 to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

**ii) Changes in the present value of defined benefit obligation**

	Employee's gratuity fund	
	31 March 2023	31 March 2022
Present value of obligation at the beginning of the year	9,796	9,152
Interest cost	711	619
Past service cost	-	-
Current service cost	2,387	2,115
Benefits paid	(1,466)	(1,396)
Actuarial (gain)/ loss on Defined benefit Plans	330	(693)
Present value of obligation at the end of the year*	11,758	9,796

\*Included in provision for employee benefits

**iii) Expense recognized in the Statement of Profit and Loss**

	Employee's gratuity fund	
	31 March 2023	31 March 2022
Current service cost	2,387	2,115
Past service cost	-	-
Interest cost	711	619
Expected return on plan assets	(223)	(194)
Actuarial (gain) / loss on Defined benefit Plans	330	(693)
Total expenses recognized in the Statement Profit and Loss*	3,205	1,847

**iv) Assets and liabilities recognized in the Balance Sheet**

	Employee's gratuity fund	
	31 March 2023	31 March 2022
Present value of unfunded obligation as at the end of the year	8,462	6,726
Unrecognized actuarial (gains)/losses	330	(693)
Unfunded net asset / (liability) recognized in Balance Sheet*	8,792	6,033

\*Included in provision for employee benefits (Refer Note 18)

**v) Change in plan assets**

	31 March 2023	31 March 2022
Fair value of plan assets at the beginning of the period	3,070	2,863
Actual return on plan assets	226	208
Fair value of plan assets at the end of the period	3,296	3,070

**Major categories of plan assets (as percentage of total plan assets)**

	31 March 2023	31 March 2022
Funds Managed by Insurer	100%	100%

**vii) Amounts recognized in current year and previous four years**

	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
Gratuity					
Defined benefit obligation	11,758	9,796	9,152	7,951	6,920

**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

Plan assets	(3,296)	(3,070)	(2,863)	(2,672)	(2,496)
Net assets / (liability)	8,462	6,726	6,289	5,279	4,425

viii) Expected contribution to the fund in the next year	31 March 2023	31 March 2022
Gratuity	3,393	3,208

ix) A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2023	31 March 2022
Discount rate		
0.5% increase	(799)	(700)
0.5% decrease	883	776
Rate of increase in salary		
0.5% increase	895	786
0.5% decrease	(816)	(714)

x) Maturity profile of defined benefit obligation	Employee's gratuity fund	
Year	31 March 2023	31 March 2022
0 to 1 Year	472	311
1 to 2 Year	186	240
2 to 3 Year	325	164
3 to 4 Year	437	268
4 to 5 Year	244	294
5 to 6 Year	371	210
6 Year onwards	9,774	8,308

b) Compensated absences for Employees

i) Actuarial assumptions	Employees' Leave Encashment	
	31 March 2023	31 March 2022
Discount rate (per annum)	7.36%	7.26%
Rate of increase in Salary	5.50%	5.50%
Leave Availment Rate at ages		
Up to 30 Years	3.00%	3.00%
From 31 to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%

ii) Changes in the present value of defined benefit obligation	Employees' Leave Encashment	
	31 March 2023	31 March 2022
Present value of obligation at the beginning of the year	3,102	2,998
Interest cost	225	203
Past service cost	-	-
Current service cost	806	772
Curtailements	-	-
Settlements	-	-
Benefits paid	(275)	(156)
Actuarial (gain)/ loss on Defined benefit Plans	(126)	(714)
Present value of obligation at the end of the year*	3,732	3,102
*Included in provision for employee benefits		

iii) Expense recognized in the Statement of Profit and Loss	Employees' Leave Encashment	
	31 March 2023	31 March 2022
Total service cost	806	772
Interest cost		
	225	203
Actuarial (gain) / loss on Defined benefit Plans	(126)	(714)
Expense recognized in Statement of Profit and Loss	905	261

iv) Assets and liabilities recognized in the Balance Sheet	Employees' Leave Encashment	
	31 March 2023	31 March 2022
Present value of unfunded obligation as at the end of the year	3,732	3,102
Unrecognized actuarial (gains)/losses	-	-
Unfunded net asset / (liability) recognized in Balance Sheet*	3,732	3,102
*Included in provision for employee benefits (Refer Note 17)		

v) Change in plan assets	Employees' Leave Encashment	
	31 March 2023	31 March 2022
Fair value of plan assets at the beginning of the period	-	-
Actual return on plan assets	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the period	-	-

vi) Expected contribution to the fund in the next year	Employees' Leave Encashment	
Leave Encashment	31 March 2023	31 March 2022
	1,121	1,055

vii) A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:

Employees' Leave Encashment

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

	31 March 2023	31 March 2022
Impact on defined benefit obligation		
Discount rate		
0.5% increase	(230)	(202)
0.5% decrease	251	222
Rate of increase in salary		
0.5% increase	255	224
0.5% decrease	(235)	(206)
x) Maturity profile of defined benefit obligation	Employees' Leave Encashment	
Year	31 March 2023	31 March 2022
0 to 1 Year	147	99
1 to 2 Year	70	74
2 to 3 Year	133	56
3 to 4 Year	187	108
4 to 5 Year	69	157
5 to 6 Year	133	53
6 Year onwards	2,993	25,556

### 35 Related Party Disclosures: March 31, 2023

(A) Names of related parties and description of relationship as identified and certified by the Company:

i	Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	Wholly Owned Subsidiary Company
ii	Silicon Televenture Private Limited	Entities Where Significant Influence is exercised by Key management Personnel
iii	Ninex Warehousing Private Limited	Entities Where Significant Influence is exercised by Key management Personnel
iv	Micromax Informatics Limited	Entities Where Significant Influence is exercised by Key management Personnel
v	Micromax Energy Limited	Entities Where Significant Influence is exercised by Key management Personnel
vi	Revolt Intellicorp Private Limited (Till 30th Jan-2023)	Entities Where Significant Influence is exercised by Key management Personnel
vii	Yu Televentures Pvt Ltd	Entities Where Significant Influence is exercised by Key management Personnel
viii	V-one Ventures Private Limited	Entities Where Significant Influence is exercised by Key management Personnel

#### Key Management Personnel (KMP)

i	Mr. Rahul Sharma	Director
ii	Mr. Sumeet Kumar	Director
iii	Mr. Vikas Jain	Director
iv	Mr. Rohan Agarwal	Director
v	Mr. Yash Bhatia	Independent Director
vi	Mr. Sachin Jain	Independent Director
vii	Ms. Lily Gupta (Resigned on 13 /05/2022)	Women Director

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(i) Wholly Owned Subsidiary Company	31 March 2023	31 March 2022
Loan Given		
Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	355	1,344
Loan Received Back		
Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	-	-
Loan Write back		
Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	-	21,624
Interest Income		
Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	-	496
Amount owed by related parties		
Bhagwati Renewables Private Limited (Formerly known as Abeer Media Private Limited)	13,199	12,845

(ii) Entities Where Significant Influence is exercised by Key management Personnel

	31 March 2023	31 March 2022
Rent Payment		
Silicon Televenture Private Limited	2,400	2,400
Sales to Related Parties		
Micromax Informatics Limited	860,208	2,355,985
V-one Ventures Pvt Ltd	36,736	-
Purchase From Related Parties		
Micromax Informatics Limited	673,176	2,052,478
Loan Received Back		
Revolt Intellicorp Pvt Ltd	-	65,000
Rate Difference		
Micromax Informatics Limited	9,695	12,176
Financial Guarantee Received		
Micromax Informatics Limited	700,000	-
Other Income		
Micromax Informatics Ltd		
Manpower Charges	6,144	1,647

**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

Rental Income	378	890
Amount owed by/(to) related parties		
Micromax Informatics Limited	(771)	(2,55,102)
Micromax Energy Limited	-	3,200
Revolt Intellicorp Pvt Ltd	1,567	1,567
V-one Ventures Pvt Ltd (Advance to Vendor)	15,000	20,000
V-one Ventures Pvt Ltd (Trade Receivables)	18,268	-

(I) Terms and Conditions of transactions with related parties:

The sales to and purchases from and Service charges from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

36 Transactions in foreign currency

Transactions during the year

	31 March 2023	31 March 2022
Purchase	49,92,668	77,39,046
Capital Goods	1,68,503	2,12,615
Consultancy Charges	337	1,209

Particulars of Unhedged foreign Currency Exposure as at reporting date

	Currency	Current Rate	Amount In Foreign Currency	Amount (INR)
Trade Payable	USD	82.22	5,870	4,82,665
	CNY	12.325	316	3,895

37 Details of Contingent Liabilities, pending litigations and other matters.

Claims against the Company not acknowledged as debts:

	31 March 2023	31 March 2022
i) Taxes, duties and other demands		
- Central Excise	49,300	49,300
ii) Other Claims under Legal cases	39,992	39,992
iii) Income Tax Cases	5,65,507	3,51,710

(i) Central Excise

Amount of Rs. 4.93 Crore is standing; against which duty under protest to the tune of Rs. 4.49 Crore has been paid, the case is currently being admitted into Supreme Court.

(ii) Bhagwati Products Ltd vs The National Insurance Company Limited

The company has filed suit against The National Insurance Company Limited in the High Court, New Delhi under Commercial Jurisdiction seeking inter alia recovery of Rs. 3,99,91,623/- along with interest @ 18% which became payable from 4th March 2019. The suit filed pertains to the non-fulfilment of contractual obligations by the Insurance company as provided in the insurance agreement dated 18.12.2018. The National Insurance Company undertook to reimburse, pay and submit the amount of loss suffered by the company upto 80 crores in circumstances of fire and special perils in assessee's factory. A fire broke out in the factory on 04.03.2019 and claim filed for Rs. 3,60,94,185 as estimated loss certified by the chartered engineer. The Insurance company ignored the estimated and made a payment of Rs. 57,76,106.00. The rest of the amount of Rs. 3,03,18,079.00 along with the interest upto the date of filing of suit of Rs. 96,73,544.00 is the matter of the dispute. The issue is pending to be decided with the High Court.

(iii) SMK and Associates, one of the shareholder have alleged and raised dispute in process of allotment of shares during the year and has filed petition under section 241/244 of the companies act, 2013, before honorable NCLT, Delhi against company and other shareholders, which is subjudice on the date of report. No Monetary claims has been sought against the company by either of the shareholders and accordingly the company believes that the aforesaid matter doesn't impact its financial statements for the year ended 31st March 2023, at present the case is in hearing stages at honorable NCLT.

The Company has exercised retrenchment of employees, against which employees filed a case against the Company in the honourable court, the case is sub-judicial on the date of report. Rudrapur Case Details, the company and the employees has filed the settlement in the Supreme court, the same is pending at Supreme Court. During the year, provision amounting to Rs. 3.10 crores has been provided in the books for the period Dec'18 to March'23.

(v) DRI Noida issued summons to the company for information about the Mobile display import duties, the same is under review with DRI.

(vi) Allspeed India Pvt. Ltd. Filed application against the company in NCLT court for the dispute of rates and payments with the company, the application is at hearing stage at present, next hearing date is 25 Oct'2023.

Income Tax Matters

(vii) This includes tax demands for various assessment years against which the Company has filed appeal with the tax authorities.

38 Fair values of financial assets and financial liabilities

The fair value of other current financial assets, cash and cash equivalents, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortised cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Non-current borrowing comprises values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

39 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



No financial assets/liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2023	31 March 2022
Level 3		
Financial assets measured at amortised cost		
Security deposits	63,261	11,308

The carrying amount of cash and cash equivalents, fixed deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings and security deposits were calculated based on cash flows discounted using the average of all current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars		Carrying Value		Fair Value	
		As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Financial Assets					
Trade receivables	12C	3,02,759	2,68,807	3,02,759	2,68,807
Cash and cash equivalents	11A	4,51,585	9,40,004	4,51,585	9,40,004
Bank balances other than cash and cash equivalent	11B	1,44,919	2,61,797	1,44,919	2,61,797
Loans	12A	14,767	14,194	14,767	14,194
Other Financial assets- Current	12B	9,064	6,111	9,064	6,111
Investment	8A	3,278	3,071	3,278	3,071
Other Financial assets- Non Current	8	63,270	12,882	63,270	12,882
Total		9,89,641	15,06,864	9,89,641	15,06,864
Financial Liabilities					
Borrowings- Current	18A	67,971	2,41,661	67,971	2,41,661
Trade payables	18B	16,18,430	13,72,064	16,18,430	13,72,064
Other financial liabilities- Current	18C	38,099	28,503	38,099	28,503
Borrowings- Non Current	16A	67,687	99,807	67,687	99,807
Total		17,92,187	17,42,035	17,92,187	17,42,035

#### 40 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

##### (A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk arises primarily due to borrowings at floating rate. The Company is not exposed to interest rate risk as the Company has availed inter-corporate deposits from the parent Company at a fixed interest rate.

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Below is the Foreign currency exposure as on 31st March 2023.

Transactions	Currency	Currency Total	Conversion rate	INR
Trade Payable	USD	5,870	82.22	4,82,665
Trade Payable	CNY	316	12.33	3,895

##### Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Change in Currency Exchange Rates	Effect on Profit before tax
For the year ended 31st March 2023	+5%	-24328
Us Dollars	-5%	24328
For the year ended 31st March 2022	+5%	-62307
Us Dollars	-5%	62307

##### (B) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities and from its financing activities, including deposits with Bank and Financial institutions, foreign exchange transactions and other Financial Instruments.

##### (i) Trade Receivables

Customer credit risk is managed subject to the company's credit policy, procedures and control relating to customer credit risk management. Outstanding customer receivables An impairment analysis is performed at each reporting date on an individual basis for major customers.

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Past due but not impaired		Total
	180 days or less	Above 180 days	
Trade Receivables as of 31 March 2023	3,01,663	1,096	3,02,759
Trade Receivables as of 31 March 2022	1,62,165	1,06,642	2,68,807

(f) Financial Instruments and Cash Deposits

Credit Risk from balances with banks and financial instruments is managed by the Company's treasury department in accordance with the Company's policy.

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31-Mar-2023</b>					
Borrowings	46,965	21,008	67,685	-	1,35,658
Trade payables	7,35,433	8,73,663	9,335	-	16,18,430
Other financial liability	27,619	10,480	-	-	38,099
	8,10,017	9,05,151	77,020	-	17,92,187
<b>31-Mar-2022</b>					
Borrowings	2,17,765	23,896	99,807	-	3,41,468
Trade payables	3,30,724	10,10,200	31,140	-	13,72,064
Other financial liability	19,299	9,204	-	-	28,503
	5,67,788	10,43,300	1,30,947	-	17,42,035

41 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents its term loans and vehicle loans and current borrowing represents cash credit facilities from financial institutions. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2023	31 March 2022
Total equity	(i)	35,70,765	35,53,497
Total debt	(ii)	1,35,658	3,41,468
Overall financing	(iii) = (i) + (ii)	37,06,423	38,94,965
Gearing ratio	(ii) / (iii)	3.66%	8.77%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022, 31 March 2021.

42 Value of Indigenous and Imported material Used in production

	31 March 2023	31 March 2022
Imported	49,92,668	99,23,257
Indigenous	33,55,415	19,81,123
	83,48,083	1,19,04,380

43 Details of dues to micro and small enterprises as defined under MSMED Act, 2006

Particulars	31 March 2023	31 March 2022
The Principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of these payment made to the supplier beyond the appointed day during each accounting year	-	-
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 year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Based on the information available with the Management

44 Segment reporting

The company is engaged in manufacturing and trading of various consumer durable products and are subject to same risk and returns. The chief operating decision maker monitor the operating results of the company as a whole for the purpose of making decision about resource allocations and performance assessment and is not divided product wise or geographically. Accordingly no additional disclosure have been provided under IHD AS -108 "Operating segments"

**BHAGWATI PRODUCTS LIMITED**

Notes forming part of the Financial Statements for the year ended 31 March 2023  
(Amount in INR thousands, unless otherwise stated)

- 45 The company continues to pay Income Tax under old tax regime and have not opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019 considering the accumulated MAT Credit, losses and other benefits under the Income Tax Act, 1961.

46 CSR expenditure also contain the following:

Particulars	(Amount in '000)
Gross amount required to be spent by the company during the year	1,572
Amount spent during the year on	1,572
Amount spent during the year related to previous year	-

Particulars	Paid	Yet to be paid
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,572	-

47 Details of Charges registered under MCA as on 31st March 2023

Assets Under Charge	Charge Amount	Date of Creation	Date of Modification	Status	Chargeholder Name
Immovable property or any interest therein	7,35,00,00,000	30-05-2017	-	Open	SBI Cap Trustee Company Limited
Immovable property or any interest therein	35,00,00,000	01-12-2015	10-06-2016	Open	HDFC Bank Limited
Immovable property or any interest therein	2,00,00,00,000	24-08-2015	-	Open	HDFC Bank Limited
Book Debts; Floating Charge; Movable proeprty (not being pledge); Stocks	1,75,00,00,000	13-12-2014	15-03-2016	Open	HDFC Bank Limited
Uncalled Share Capital; Goodwill; Book debts; Trademark; Patent, licence under a patent; Floating charge; Movable property (not being pledge); Copyright; Current Assets, Receivables, Stock, Cash Flows	7,35,00,00,000	01-06-2016	-	Open	SBI Cap Trustee Company Limited
Floating Charge; Movable Property (not being pledge)	35,00,00,000	29-09-2016	-	Open	HDFC Bank Limited
Immovable property or any interest therein	50,00,00,000	28-07-2021	-	Open	SBI Cap Trustee Company Limited
Movable Property (not being pledge); Movable Fixed Assets, P&M	15,00,00,000	02-07-2021	-	Open	HDFC Bank Limited
Book Debts; Floating Charge, Movable proeprty (not being pledge); Current Assets, Movable Fixed Assets, P&M, FD	70,00,00,000	03-11-2017	25-08-2021	Open	HDFC Bank Limited
Book Debts; Floating Charge; Movable proeprty (not being pledge); 1) 1st PP on CA, MFA at Hyderabad and MFA at Rudrapur	25,00,00,000	04-03-2022	-	Open	Yes Bank Limited
Second Pari Passu Charge by way of Hypothecation on Current Assets of the borrower Exclusive charge over assets to be funded from bank term loan	18,00,00,000	23-12-2022	-	Open	Yes Bank Limited

48 Reconciliation of Liabilities arising from financing activities

Particulars	Current Maturities of Long Term Borrowings	Long Term Borrowings	Short Term Borrowings	Total
As At 31 March 2021	-	-	2,99,257	2,99,257
Cash Flows:				
Repayments of Borrowings	-	13,597	81,492	95,089
Receipt of Borrowings	-	1,37,300	-	1,37,300
Non Cash:				
Other Adjustments	-	-23,896	23,896	-
As At 31 March 2022	-	99,807	2,41,661	3,41,468
Cash Flows:				
Repayments of Borrowings	-	32,120	174	2,05,811
Receipt of Borrowings	-	-	-	-
Non Cash:				
Other Adjustments	-	-	-	-
As At 31 March 2023	-	67,687	67,971	1,35,658

49 Leases Disclosure

- a) Additional Information on the right to use assets by class of assets is as follows:

Right-of use assets	Carrying amount as on 1 April 2021	Additions	Depreciation	Carrying amount as on 31 March 2022
Right-of use assets	4,63,982	-	3,488	4,60,494
Total	4,63,982	-	3,488	4,60,494

Right-of use assets	Carrying amount as on 1 April 2022	Additions	Depreciation	Carrying amount as on 31 March 2023
Right-of use assets	4,60,494	-	3,487	4,57,006
Total	4,60,494	-	3,487	4,57,006

- b) There are no outstanding lease liabilities as on 31-03-2023 and 31-03-2022 pertaining to the Right to use Assets.

c) Additional Information on Right to use Assets:

Particulars	31 March 2023	31 March 2022
Depreciation Expense on Right To Use Assets	3,487	3,488
Interest Expense on Lease Liabilities	-	-
Expense Relating to Short Term Leases	-	-
Total	3,487	3,488

## 50 Exceptional Items

Particulars	31 March 2023	31 March 2022
Provision for Employee Benefits from Dec'18 to March'23	3,10,000	0
Prior Period Expenses pertaining to FY 21-22	22,603	-

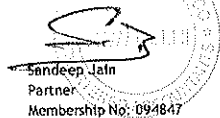
## 51 Other Statutory Information

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the period/year.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (viii) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

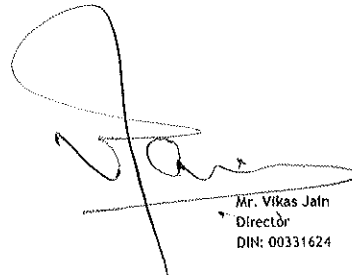
52 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Division II to Schedule III of the Act.

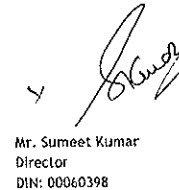
As per our report of even date

For Sandeep Kuldeep & Co.  
Chartered Accountants  
Firm Registration No.:015163N

  
Sandeep Jain  
Partner  
Membership No.: 094847

Place: New Delhi  
Date: 29/09/2023

  
Mr. Vikas Jain  
Director  
DIN: 00331624

  
Mr. Sumeet Kumar  
Director  
DIN: 00060398

Place: New Delhi  
Date: 29<sup>th</sup> Sep 2023

Place: New Delhi  
Date: 29<sup>th</sup> Sep 2023