

# B S R & Co. LLP

Chartered Accountants

8th floor, Business Plaza,  
Westin Hotel Campus,  
36/3-B, Koregaon Park Annex,  
Mundhwa Road, Ghorpadi,  
Pune - 411001, India

Telephone: +91 20 6747 7300  
Fax: +91 20 6747 7310

## Independent Auditor's Report

To the Members of Swara Baby Products Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Swara Baby Products Private Limited (the "Company") which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), 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 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, 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 (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also





**Independent Auditor's Report (Continued)**

**Swara Baby Products Private Limited**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other





**Independent Auditor's Report (Continued)**

**Swara Baby Products Private Limited**

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company does not have any pending litigations which would impact its financial position.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 48(5) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 48(6) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or



**Independent Auditor's Report (Continued)**

**Swara Baby Products Private Limited**

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.
  - e. The Company has neither declared nor paid any dividend during the year.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Kalpesh Khandelwal**

*Partner*

Place: Pune

Date: 10 August 2022

Membership No.: 133124

ICAI UDIN:22133124AOSMRN8912





**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022**

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

- (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 does not have any intangible assets accordingly, clause 3(i)(a) (B) is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 2 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancy was noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

(All amounts in rupees millions)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/statement subsequently rectified
March-22	HDFC	Finished goods	108.49	102.50	5.99	Yes
March 22	HDFC	Raw Material	510.72	474.75	35.97	Yes



**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022 (Continued)**

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/statement	Amount of difference	Whether return/statement subsequently rectified
March 22	HDFC	Trade Receivables	261.77	267.79	-6.01	Yes
Dec-21	HDFC	Finished goods	74.11	71.53	2.59	Yes
Dec-21	HDFC	Trade Receivables	267.63	269.33	-1.70	Yes

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted unsecured loans to its employees during the year, in respect of which the requisite information is as below

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

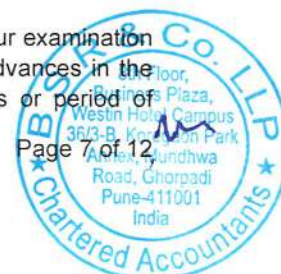
**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022 (Continued)**

(All amounts are in Rupees millions)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year Others- Loans to KMP			22.50	
Balance outstanding as at balance sheet date Others*- Loans to KMP			22.50	
Balance outstanding as at balance sheet date Others*- Loans to employees			0.22	

*\*As per the Companies Act, 2013*

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of





**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022 (Continued)**

repayment.

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays ranging between 2 to 28 days in a few cases of Withholding tax amounting to Rs.3.40 Million, Goods and service tax amounting to Rs.0.77 Million and Professional tax amounting to Rs. 0.26 Million.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.





**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022 (Continued)**

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company 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 course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.



**Annexure A to the Independent Auditor's Report on the Financial Statements of Swara Baby Products Private Limited for the year ended 31 March 2022 (Continued)**

- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



**Kalpesh Khandelwal**

Partner

Place: Pune

Membership No.: 133124

Date: 10 August 2022

ICAI UDIN:22133124AOSMRN8912





**Annexure B to the Independent Auditor's Report on the financial statements of Swara Baby Products Private Limited for the year ended 31 March 2022**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph '2(A)(f)' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to financial statements of Swara Baby Products Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



**Annexure B to the Independent Auditor's Report on the financial statements of Swara Baby Products Private Limited for the year ended 31 March 2022  
(Continued)**

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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022



**Kalpesh Khandelwal**

*Partner*

Place: Pune

Membership No.: 133124

Date: 10 August 2022

ICAI UDIN:22133124AOSMRN8912





Swara Baby Products Private Limited  
Balance Sheet as at 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,185.05	411.81
Capital work-in-progress	5	80.77	112.17
Right-of-use assets	6	86.18	87.12
Financial assets	7	66.19	24.70
Other non-current assets	8	215.41	249.19
<b>Total non-current assets</b>		<b>1,633.60</b>	<b>884.99</b>
<b>Current assets</b>			
Inventories	9	642.51	427.82
<b>Financial assets</b>			
(a) Trade receivables	10	261.77	255.18
(b) Cash and cash equivalents	11	10.28	40.10
(c) Bank balances other than (b) above	12	47.80	84.80
Loan	13	22.72	0.52
Other financial assets	14	86.62	7.69
Other current assets	15	45.77	62.24
<b>Total current assets</b>		<b>1,117.47</b>	<b>878.35</b>
<b>Total assets</b>		<b>2,751.07</b>	<b>1,763.34</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	251.87	251.87
Other equity	17	1,342.16	1,028.74
<b>Total equity</b>		<b>1,594.03</b>	<b>1,280.61</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(a) Borrowings	18	239.05	99.71
(b) Lease liability	6	6.23	6.23
Provisions	19	2.41	0.98
Deferred tax liabilities (net)	33	54.61	47.52
Other non-current liabilities	20	119.43	27.72
<b>Total non-current liabilities</b>		<b>421.73</b>	<b>182.16</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(a) Current borrowings	21	129.97	63.24
(b) Lease liability	6	0.69	0.69
(c) Trade payables	22		
i) total outstanding dues of micro enterprises and small enterprises		29.28	16.61
ii) total outstanding dues of creditors other than micro enterprise and small enterprises		279.50	186.22
(d) Other financial liabilities	23	22.34	10.42
Other current liabilities	24	271.04	12.86
Provisions	19	2.49	10.52
<b>Total current liabilities</b>		<b>735.31</b>	<b>300.56</b>
<b>Total liabilities</b>		<b>1,157.04</b>	<b>482.72</b>
<b>Total equity and liabilities</b>		<b>2,751.07</b>	<b>1,763.34</b>

Summary of significant accounting policies 2-4  
See accompanying notes forming integral part of the financial statements 5-49

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors  
Swara Baby Products Private Limited  
CIN: U36999WB2016PTC218399

*Kalpesh*

Kalpesh Khandelwal  
Partner  
Membership No: 133124

Place: Pune  
Date: 10 August 2022  
UDIN: 22133124A05MRN5912

*Gautam*

Gautam Sharma  
Director  
DIN: 08776136

Place: Pune  
Date: 3 August 2022

*Alok*

Alok Birla  
Managing Director  
DIN: 00232079

Place: Pune  
Date: 3 August 2022



Rucha Pande  
Company Secretary  
Membership No: 45553

Place: Pune  
Date: 3 August 2022



Swara Baby Products Private Limited  
Statement of Profit and Loss for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	25	3,256.10	1,931.19
Other income	26	68.27	25.21
<b>Total income</b>		<b>3,324.37</b>	<b>1,956.40</b>
<b>Expenses</b>			
Cost of material consumed	27	2,200.45	1,107.83
Purchase of stock in trade	27	275.81	258.81
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	(74.48)	16.01
Employee benefits expense	29	108.87	71.88
Finance costs	30	30.86	24.54
Depreciation and amortisation expense	31	72.55	39.45
Other expenses	32	305.94	226.66
<b>Total expenses</b>		<b>2,920.00</b>	<b>1,745.18</b>
<b>Profit before tax</b>		<b>404.37</b>	<b>211.22</b>
<b>Tax expense</b>			
Current tax	33	83.77	47.42
Deferred tax	33	7.09	37.09
<b>Total tax expense</b>		<b>90.86</b>	<b>84.51</b>
<b>Profit for the period</b>		<b>313.51</b>	<b>126.71</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Net (loss)/gain on Remeasurement of net defined benefit liability		(0.08)	-
Other comprehensive income for the year, net of tax		(0.08)	-
<b>Total comprehensive income for the year</b>		<b>313.43</b>	<b>126.71</b>
<b>Earnings per share</b>			
Basic earning per share (INR)	34	25.40	10.27
Diluted earning per share (INR)	34	12.44	6.01
Summary of significant accounting policies	2-4		
See accompanying notes forming integral part of the financial statements	5-49		

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors of  
Swara Baby Products Private Limited  
CIN: U36999WB2016PTC218399



Kalpesh Khandelwal  
Partner  
Membership No: 133124

Place: Pune  
Date: 10 August 2022  
UDIN: 22133124AOSMRN5912



Gautam Sharma  
Director  
DIN: 08776136

Place: Pune  
Date: 3 August 2022



Alok Birla  
Managing Director  
DIN: 00232079

Place: Pune  
Date: 3 August 2022



Rucha Pande  
Company Secretary  
Membership No: 45553

Place: Pune  
Date: 3 August 2022





Swara Baby Products Private Limited  
Statement of cash flows for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	404.37	211.22
Adjustments for:		
Depreciation and amortization expenses	72.55	39.45
Finance cost	30.85	24.54
Interest income	(6.90)	(8.70)
Deferred Income on Government Grant	(53.31)	-
<b>Operating profit before working capital changes</b>	<b>447.57</b>	<b>266.51</b>
<b>Changes in working capital</b>		
Increase in trade payables	105.90	72.24
(Increase) in inventories	(214.70)	(202.24)
(Increase) in trade receivables	(6.59)	(173.94)
Increase / (Decrease) in other current liabilities	239.01	(76.09)
(Decrease) / increase in other financial liabilities	10.09	(17.82)
Increase in other non-current liabilities	-	27.73
Increase in Provisions	1.31	11.50
(Increase) in other financial assets	-	(25.94)
Decrease / (Increase) in other current assets	16.48	(39.18)
(Increase) in non-current assets	(74.67)	(164.24)
(Increase) in non-current financial assets	(4.26)	-
<b>Cash generated from operating activities</b>	<b>520.14</b>	<b>(321.48)</b>
Income Tax Paid	(91.83)	(47.42)
<b>Net cash flows used in operating activities (A)</b>	<b>428.31</b>	<b>(368.89)</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(705.22)	(193.77)
Proceeds from bank deposits	36.99	(77.43)
Interest received	0.71	4.61
Loan given during the year	(22.20)	-
<b>Net cash flow from investing activities (B)</b>	<b>(689.72)</b>	<b>(266.59)</b>
<b>Cash flow from Financing activities</b>		
Government Grant received	54.01	-
Proceeds from Borrowings	311.60	(225.89)
Repayment of Borrowings	(106.78)	-
Interest paid on Borrowings	(26.54)	22.67
Proceeds from Intercompany borrowing	50.00	-
Repayment of Intercompany borrowing	(50.00)	-
Proceeds from issuance of convertible preference shares	-	873.68
Principal paid on lease liabilities	(0.69)	4.52
<b>Net cash flow from financing activities (C)</b>	<b>231.59</b>	<b>674.98</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(29.82)</b>	<b>39.49</b>
Cash and cash equivalents at the beginning of the year	40.10	0.61
<b>Cash and cash equivalents at the end of the year</b>	<b>10.28</b>	<b>40.10</b>

Components of cash and cash equivalent	31 March 2022	31 March 2021	31 March 2020
<b>Cash and cash equivalent comprise of:</b>			
Cash on hand	0.34	0.57	0.44
<b>Balances with banks:</b>			
Balances with bank in current accounts	9.94	39.53	0.17
<b>Total cash and cash equivalent</b>	<b>10.28</b>	<b>40.10</b>	<b>0.61</b>

Changes in liabilities arising from financing activities	31 March 2022	31 March 2021
<b>Borrowings (refer note 18 and note 21):</b>		
Opening balance	161.83	204.56
Amount borrowed during the year	311.60	9.04
Repayment of borrowings	(106.78)	(51.77)
Amortised cost and other adjustment	-	-
<b>Closing balance</b>	<b>366.65</b>	<b>161.83</b>
<b>Finance cost (refer note 30):</b>		
Opening balance	1.12	-
Finance cost during the year	30.51	24.19
Amount paid during the year (including interest on lease liability)	(27.24)	(23.07)
Amortised cost and other adjustment	-	-
<b>Closing balance</b>	<b>4.39</b>	<b>1.12</b>

Summary of significant accounting policies

The accompanying notes forming integral part of the financial statements

2-4  
5-49

As per our report of even date  
For BSR & Co. LLP  
Chartered Accountants  
Firm Registration No. - 101248W/W-100022

Kalpana Khandelwal  
Partner  
Membership No: 133124

Place: Pune  
Date: 10 August 2022  
UDIN: 22133124A05MRN8912

For and on behalf of the Board of Directors of  
Swara Baby Products Private Limited  
CIN: U36999WB2016PTC218399

Gautam Sharma  
Director  
DIN: 08776136

Place: Pune  
Date: 3 August 2022

Ajoy Birla  
Managing Director  
DIN: 00232079

Place: Pune  
Date: 3 August 2022

Rucha Pande  
Company Secretary  
Membership No: 45553

Place: Pune  
Date: 3 August 2022



**Swara Baby Products Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2022**  
(All amounts in Rupees millions, unless otherwise stated)

Particulars
(A) Equity share capital
Equity shares of [Face value of Rs. 10] each issued, subscribed and fully paid
Opening as on 01 April 2021
Changes in equity share capital due to prior period errors
Restated balance as at 01 April 2021
Add: issue during the year
Closing balance

As at 31 March 2022		As at 31 March 2021	
No. of shares	Amount	No. of shares	Amount
12.34	123.39	12.34	123.39
-	-	-	-
12.34	123.39	12.34	123.39
-	-	-	-
12.34	123.39	12.34	123.39

(B) 0.1% Compulsorily convertible cumulative preference shares
Shares of [Face value of Rs. 10] each issued, subscribed and fully paid
Opening as on 01 April 2021
Changes in equity share capital due to prior period errors
Restated balance as at 01 April 2021
Add: issue during the year
Closing balance

As at 31 March 2022		As at 31 March 2021	
No. of shares	Amount	No. of shares	Amount
12.85	128.48	-	-
-	-	-	-
12.85	128.48	-	-
-	-	12.85	128.48
12.85	128.48	12.85	128.48

(C) Other equity

Particulars	Securities premium	Retained earnings	Total
Balance as at 01 April 2021	871.06	157.67	1,028.73
Changes in equity share capital due to prior period errors	-	-	-
Restated balance as at 01 April 2021	871.06	157.67	1,028.73
Profit for the year	-	313.51	313.51
Premium on issue of shares during the year	-	-	-
	871.06	471.18	1,342.24
Total other comprehensive income for the year	-	(0.08)	(0.08)
Balance as at 31 March 2022	871.06	471.10	1,342.16

Particulars	Securities premium	Retained earnings	Total
Balance as at 1 April 2020	125.88	30.96	156.83
Changes in equity share capital due to prior period errors	-	-	-
Restated balance as at 01 April 2020	125.88	30.96	156.83
Profit for the year	-	126.71	126.71
Premium on issue of shares during the year	745.19	-	745.19
Balance as at 31 March 2021	871.06	157.67	1,028.73

Summary of significant accounting policies 2-4  
See accompanying notes forming integral part of the financial statements 5-49

As per our report of even date  
**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors of  
**Swara Baby Products Private Limited**  
CIN: U36999WB2016PTC218399

  
**Kalpesh Khandelwal**  
Partner  
Membership No: 133124

Place: Pune  
Date: 16 August 2022  
UDIN: 22133124A05MRN5912

  
**Gautam Sharma**  
Director  
DIN: 08776136

Place: Pune  
Date: 3 August 2022

  
**Alok Birla**  
Managing Director  
DIN: 00232079

Place: Pune  
Date: 3 August 2022

  
  
**Rucha Pande**  
Company Secretary  
Membership No: 45553

Place: Pune  
Date: 3 August 2022





**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

**1 General Information**

Swara Baby Products Pvt Ltd (the Company) (CIN: U36999WB2016PTC218399) is a private limited company engaged in the business of manufacturing and dealing in baby care products mainly in diapers for kids. The Company has its registered office at 17, Crooked Lane, Kolkata - 700 069 (West Bengal) and production unit at Plot No. 381 to 388, Sec 3, Pithampur Industrial Area, Pithampur, District - Dhar, Indore - 454 775, Madhya Pradesh.

**2 Significant accounting policies**

**2.1 Basis of Preparation of Financial Statements**

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

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements were authorised for issue by the Company's Board of Directors on 03/08/2022

The financial statements up to year ended 31 March 2020 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2022 are the second set of financial statements prepared in accordance with Ind AS.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Basis of measurement**

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) as required by relevant Ind AS.

All assets and liabilities are classified into current and non-current :-

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

**Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Company is less than 12 months.

**(c) 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. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

**(d) Going Concern**

These financial statements have been prepared on a going concern basis. The management has, given the significant uncertainties arising out of the outbreak of COVID-19, as explained in the Note 3.1(c) of the Financial Statements, assessed the cash flow projections and available liquidity for a period of at least twelve months from the date of these financial statements. Based on this evaluation, Management believes that the Company will be able to continue as a 'going concern' in the foreseeable future and for a period of at least twelve months from the date of these financial statements based on the following:

- (i) Expected future operating cash flows based on business projections, and
- (ii) Available cash and cash equivalent balances.
- (iii) Available credit facilities with its bankers.

Based on the above factors, Management has concluded that the "going concern" assumption is appropriate. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the Company be unable to continue as a going concern.



## 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 recognized 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 derecognized 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'.

### 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	
Leasehold improvement*	Lease period
Plant & Machinery	10 years
Furniture and Fixtures	10 years
Electrical Installation	10 years
Vehicle	10 years
Building (other than factory buildings) other than RCC Frame Structure	30 years
Office Equipment	5 years
Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

\* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

Based on the technical experts assessment of useful life, certain items of property plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013. Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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 Other intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization. The Company amortized intangible assets over their estimated useful lives using the straight line method.

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 presentation 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## 2.5 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet 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, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

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

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable





## 2.6 Revenue recognition

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns and allowances, trade discounts and volume rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

### Rendering of services

The Company primarily earns revenue from Job work Charges. Revenue from Job work charges is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of indirect taxes, trade allowances, rebates and amounts collected on behalf of third parties and is not recognised in instances where there is uncertainty with regard to ultimate collection. In such cases revenue is recognised on reasonable certainty of collection.

### 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.

## 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 income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.8 Leases

### The Company as a lessee

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



**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
(All amounts in Rupees millions, unless otherwise stated)

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in statement of cash flows.

**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, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

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

The comparison of cost and net realizable value is made on item by item basis.

**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 group 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 and reflected in an allowance account. 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.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.





Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

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 on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

**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 other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** 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.

**Equity instruments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**(iii) Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

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

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.



**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

- (iv) **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 Convertible preference shares**  
Convertible preference shares are treated as equity based on the terms of the contract and in accordance with IndAs.

**2.15 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.

**(b) Other long-term employee benefit obligations**

- (i) **Provident fund**  
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.





Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

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 define benefit plans can be encashed only on discontinuation of service by employee.

**2.16 Government grants**

Government grants are recognized initially as deferred income at fair value when:

- There is reasonable assurance that they will be received,
  - The Company will comply with the conditions associated with the grant
- They are then recognized in profit or loss as other income on a systematic basis.

Grants that compensate the Company for expenses incurred are recognized in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognized.

**2.17 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 thereto 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.

**2.18 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**2.19 Segment reporting**

The Company primarily operates in trading & manufacturing of baby products which is the only reportable segment.

**2.20 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 Use of estimates and judgements**

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) Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation. Refer Note 33.

**(b) 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.



**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

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. For details Refer Note 35.

**(c) Uncertainties relating to the global health pandemic from COVID 19**

COVID 19 pandemic has rapidly spread throughout the world, including India. Governments in India and across the world have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of financial statements including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its property, plant and equipment and the net realisable values of other assets. However, given the effect of these lockdown and restrictions on the overall economic activity, the impact assessment of COVID-19 on the above mentioned financial statement captions is subject to estimation uncertainties due to its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these Financial statements. The Company will continue to monitor any material change to future economic conditions and consequential impact on its financial statements.

In addition to the above significant areas of estimation uncertainty and critical judgments, following are the other estimates used in the financial statements:

- Note 2.9 - Inventory valuation;
- Note 2.2 - measurement of useful lives and residual values to property, plant and equipment;
- Note 2.16 - Government grant recognition

**4 Recent Indian Accounting Standards (Ind AS):**

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

**Ind AS 103 – Reference to conceptual framework**

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

**Ind AS 16 – Proceeds before intended use**

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

**Ind AS 37 – Onerous contracts - Costs of fulfilling a contract**

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

**Ind AS 109 – Annual improvements to Ind AS (2021)**

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

**Ind AS 116 – Annual improvements to Ind AS (2021)**

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





Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

5 a. Property, plant and equipment

	Gross block			Depreciation				Net block	
	As at 1 April 2021	Additions	Deductions	As at 31 March 2022	As at 1 April 2021	For the year	Deductions	As at 31 March 2022	As at 31 March 2021
Computers	4.04	3.92	-	7.96	1.44	1.64	-	3.08	4.88
Buildings	95.18	152.53	-	247.72	7.65	5.30	-	12.94	234.77
Electrical Equipments & installations	15.86	28.75	-	44.62	4.36	3.15	-	7.51	37.11
Plant & Machineries	363.29	633.81	-	997.10	66.04	58.93	-	124.97	872.13
Furniture & Fixtures	10.10	21.50	-	31.60	1.80	1.41	-	3.21	28.39
Office Equipment	3.79	4.27	-	8.06	1.36	0.89	-	2.25	5.81
Motor Vehicles	2.67	0.07	-	2.74	0.49	0.29	-	0.78	1.96
Total (A)	494.95	844.84	-	1,339.79	83.14	71.61	-	154.75	1,185.05
Capital Work in Progress	112.17	774.38	805.78	80.77	-	-	-	-	80.77
Total (B)	607.12	1,619.22	805.78	1,420.56	83.14	71.61	-	154.75	1,265.82

b. Tangible assets under development

	For the year ended	
	2022	2021
Balance at the beginning	112.17	-
Additions	774.38	137.36
Capitalised during the year	805.78	25.19
Balance at the end	80.77	112.17

a. Property, plant and equipment

	Gross block			Depreciation				Net block	
	As at 1 April 2020	Additions	Deductions	As at 31 March 2021	As at 1 April 2020	For the year	Deductions	As at 31 March 2021	As at 31 March 2020
Computers	1.69	2.36	-	4.04	0.84	0.80	-	1.44	2.80
Buildings	95.18	-	-	95.18	4.88	2.76	-	7.65	87.53
Electrical Equipments & installations	15.72	0.14	-	15.86	2.87	1.49	-	4.36	11.50
Plant & Machineries	345.89	17.41	-	363.29	33.64	32.40	-	66.04	297.25
Furniture & Fixtures	7.33	2.77	-	10.10	0.95	0.85	-	1.80	8.30
Office Equipment	2.56	1.23	-	3.79	0.83	0.53	-	1.36	2.44
Motor Vehicles	1.39	1.28	-	2.67	0.33	0.16	-	0.49	2.18
Total (A)	469.76	25.19	-	494.95	44.13	39.01	-	83.14	411.81
Capital Work in Progress	137.36	-	25.19	112.17	-	-	-	-	112.17
Total (B)	469.76	162.55	25.19	607.12	44.13	39.01	-	83.14	523.99

b. Tangible assets under development

	For the year ended	
	2021	2020
Balance at the beginning	-	-
Additions	137.36	222.18
Capitalised during the year	25.19	222.18
Balance at the end	112.17	-



*(Handwritten signature)*



Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

Ageing schedule of Capital-work-in progress (including the project whose completion is overdue)

As at 31 March 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	80.77				80.77
Projects temporarily suspended	-	-	-	-	-

Project wise ageing schedule of capital-work-in progress (including the project whose completion is overdue)

As at 31 March 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	80.77				80.77
Projects		-	-	-	-
Swara Baby Products Pvt Ltd Unit 2	80.77	-	-	-	80.77
Projects temporarily suspended	-	-	-	-	-

Note: There are no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

As at 31 March 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	112.17	-	-	-	112.17
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	112.17				112.17
Projects		-	-	-	-
Swara Baby Products Pvt Ltd - Expansion	112.17	-	-	-	112.17
Projects temporarily suspended	-	-	-	-	-

Note: There are no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.





**Swara Baby Products Private Limited**

**Notes forming part of the Financial Statements for the year ended 31 March 2022**

**(All amounts in Rupees millions, unless otherwise stated)**

**6 Right-of-use assets**

	<u>Land</u>	<u>Total</u>
Balance as on 1 April 2020	31.16	31.16
Additions	56.41	56.41
Depreciation for the year	(0.44)	(0.44)
<b>Balance as on 31 March 2021</b>	<b>87.12</b>	<b>87.12</b>
Balance as on 1 April 2021	87.12	87.12
Additions	-	-
Depreciation for the year	(0.95)	(0.95)
<b>Balance as on 31 March 2022</b>	<b>86.18</b>	<b>86.18</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at 31 March 2022 and 31 March 2021 is as follows:

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Current lease liabilities	0.69	0.69
Non-current lease liabilities	6.23	6.23
<b>Total lease liabilities</b>	<b>6.92</b>	<b>6.92</b>

The movement in lease liabilities during the years ended 31 March 2022 and 31 March 2021 is as follows:

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Opening balance	6.92	2.15
Addition	-	5.21
Interest cost accrued during the year	0.69	0.25
Payments during the year	(0.69)	(0.69)
<b>Closing Balance</b>	<b>6.92</b>	<b>6.92</b>



*(Handwritten signature)*



Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

	31 March 2022	31 March 2021
<b>7 Non-current financial assets</b>		
Security deposits	7.56	3.31
Government grants receivables	58.56	21.32
Others	0.07	0.07
	<u>66.19</u>	<u>24.70</u>

	31 March 2022	31 March 2021
<b>8 Other non-current assets</b>		
Capital advances	28.85	137.29
Balances with government authorities	186.56	111.89
<b>Total other non-current other assets</b>	<u>215.41</u>	<u>249.18</u>

**9 Inventories**

	31 March 2022	31 March 2021
Raw material in stock (including Goods-in-transit amounting to amount 43.50 million (PY : amount 47.75 million))	510.72	383.35
Work in progress in stock	4.23	3.45
Finished goods in stock	108.49	34.79
Store and spares parts including packing material	19.07	6.23
	<u>642.51</u>	<u>427.82</u>

**10 Trade receivable**

	31 March 2022	31 March 2021
Secured, considered good		-
Unsecured		
-Considered good	261.77	255.18
	<u>261.77</u>	<u>255.18</u>
Further classified as:		
Receivable from related parties	1.18	-
Receivable from others	260.59	255.18
	<u>261.77</u>	<u>255.18</u>

**Trade receivables ageing schedule as at 31 March 2022**

Particulars	Not Due	Less than 6 months	6 months – 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Undisputed Trade receivables – considered good	179.98	73.74	5.58	1.10	0.14	0.05	260.59
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Related Parties	1.18	-	-	-	-	-	1.18
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>181.16</b>	<b>73.74</b>	<b>5.58</b>	<b>1.10</b>	<b>0.14</b>	<b>0.05</b>	<b>261.77</b>

**Trade receivables ageing schedule as at 31 March 2021**

Particulars	Not Due	Less than 6 months	6 months – 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Undisputed Trade receivables – considered good	171.79	55.38	23.99	3.97	0.05	-	255.18
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Related Parties	-	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>171.79</b>	<b>55.38</b>	<b>23.99</b>	<b>3.97</b>	<b>-</b>	<b>-</b>	<b>255.13</b>



*(Signature)*





Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

<b>11 Cash and cash equivalents</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Cash in hand	0.34	0.57
Balances with banks:		
In current accounts	9.94	39.53
	<u>10.28</u>	<u>40.10</u>
<b>12 Bank balances other than Cash and cash equivalent</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	47.80	84.80
	<u>47.80</u>	<u>84.80</u>
<b>13 Loan</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Loan to KMP	22.50	-
Loan to employee	0.22	0.52
<b>Total</b>	<u>22.72</u>	<u>0.52</u>

Loans & advances to Directors/KMP/Related Parties as at 31 March 2022

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	22.50	99%
KMPs	-	-
Related Parties	-	-

Loans & advances to Directors/KMP/Related Parties as at 31 March 2021

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	-	-
KMPs	-	-
Related Parties	-	-

<b>14 Other financial assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Government grants receivables	85.97	7.42
Interest accrued on deposits	0.26	0.27
Interest accrued on loan to director	0.39	-
<b>Total</b>	<u>86.62</u>	<u>7.69</u>

<b>15 Other current assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Advance recoverable in kind	39.60	41.80
Prepaid Expenses	6.16	20.44
<b>Total</b>	<u>45.76</u>	<u>62.24</u>



**Swara Baby Products Private Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

**16 Share capital**

	31 March 2022	31 March 2021
<b>Authorized</b>		
1,60,00,000 (31 March 2021: 1,60,00,000) Equity Shares of Rs. 10 each	160.00	160.00
1,30,00,000 (31 March 2021 : 1,30,00,000 CCPS (Compulsorily Convertible Preference Shares) of Rs. 10 each	130.00	130.00
	<b>290.00</b>	<b>290.00</b>
<b>Issued, subscribed and paid up</b>		
1,23,38,700 (31 March 2021: 1,23,38,700) Equity Shares of Rs. 10 each each	123.39	123.39
1,28,48,221 (31 March 2021: 1,28,48,221) 0.1% CCPS (Compulsorily Convertible Non-cumulative Preference Shares) of Rs. 10 each	128.48	128.48
<b>Total</b>	<b>251.87</b>	<b>251.87</b>

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

**(i) Equity Shares**

	31 March 2021	
	Number of shares	Amount
Outstanding at the beginning of the year	12.34	123.39
Add: Issued during the year	-	-
Outstanding at the end of the year	12.34	123.39
	31 March 2022	
	Number of shares	Amount
Outstanding at the beginning of the year	12.34	123.39
Add: Issued during the year	-	-
Outstanding at the end of the year	12.34	123.39

**(ii) 0.1% Compulsorily convertible cummulative Preference Shares**

	31 March 2021	
	Number of shares	Amount
Outstanding at the beginning of the year	-	-
Add: Issued during the year	12.85	128.48
Outstanding at the end of the year	12.85	128.48
	31 March 2022	
	Number of shares	Amount
Outstanding at the beginning of the year	12.85	128.48
Add: Issued during the year	-	-
Outstanding at the end of the year	12.85	128.48

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

The Company has only one class of Compulsorily Convertible Preference Shares (CCPS) 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.

The dividends would be cumulative and would be paid prior to payment of any dividend with respect to Equity Shares. The holders of CCPS shall have the right to convert all or any portion of the CCPS held by them at any time at conversion ratio of 1:1 into Equity Shares, prior to expiry of 19 years from the allotment of

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

Name of the shareholder	31 March 2022		31 March 2021	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
<b>Equity shares of INR 10 each fully paid</b>				
Anadya Bon Merchari LLP	3.08	24.98%	3.08	24.98%
Ritum Jain	2.23	18.05%	3.71	30.09%
Radiant Toddler Care Private Limi	1.95	15.78%	1.95	15.78%
Anadya Residency LLP	1.23	10.00%	1.23	10.00%
Rajneesh Jain	0.92	7.49%	0.92	7.49%
Rahul Bubna	0.83	6.69%	0.83	6.69%





Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

17 Other equity

(A) Securities premium (SP)

Opening balance	871.07	125.88
Add: Securities premium credited on issue of shares	-	745.19
Closing balance	871.07	871.07

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

Opening balance	31 March 2022	31 March 2021
Add: Net profit for the current year	157.66	30.96
Other comprehensive income	313.51	126.71
Closing balance	(0.08)	-
Total other equity	471.09	157.67
(A + B)	1,342.16	1,028.74

18 Non-current borrowings

(a) Term loan

From Bank	366.51	161.83
Secured bank loan	366.51	161.83
Less: Amount disclosed under the head "Short term borrowings" (Refer note 21)	(127.46)	(62.12)
Total non current borrowings	239.05	99.71

Particular	Maturity Date	Terms of Repayment	Nature of Security	Interest Rate	As at 31 March 2022			As at 31 March 2021		
					Non Current Liability	Current Liability	Total	Non Current Liability	Current Liability	Total
Term Loan from Bank :-										
Term Loan 459LN06173480001	14-Mar-23	Monthly Instalment in 5 Years	1. Equitable Mortgage of Factory Land & Building at Pithampur	8% - 11.45%	1.08	21.25	22.33	22.33	21.25	43.58
Term Loan 459LN06173640001	14-Mar-23	Monthly Instalment in 5 Years	2. First Charge of Plant & Machinery of the Company & Including Assets Both Present and Future	8% - 11.45%	0.06	1.25	1.31	1.31	1.25	2.56
Term Loan 459LN06180520001	14-Mar-23	Monthly Instalment in 5 Years		8% - 11.45%	0.38	7.50	7.88	7.88	7.50	15.38
Term Loan 459LN06180570001	14-Mar-23	Monthly Instalment in 5 Years		8% - 11.45%	0.13	2.50	2.63	2.63	2.50	5.13
Term Loan 459LN06180580001	14-Mar-23	Monthly Instalment in 5 Years		8% - 11.45%	0.13	2.50	2.63	2.63	2.50	5.13
Term Loan 459LN06180940001	14-Mar-23	Monthly Instalment in 5 Years		8% - 11.45%	0.13	2.50	2.63	2.63	2.50	5.13
Term Loan 459LN06181410002	14-Mar-23	Monthly Instalment in 5 Years		8% - 11.45%	0.53	2.40	2.93	2.93	2.40	5.33
Term Loan 459LN06191780001	27-Sep-24	Monthly Instalment in 5 Years		8% - 11.45%	24.34	15.38	39.73	39.73	15.38	55.11
Term Loan 459LN06191900001	27-Sep-24	Monthly Instalment in 5 Years		8% - 11.45%	9.89	6.25	16.14	16.14	6.25	22.39
Term Loan 459LN06192450001	27-Sep-24	Monthly Instalment in 5 Years		8% - 11.45%	0.93	0.59	1.51	1.51	0.59	2.10
Term Loan 007LN06211070002	17-Apr-26	Monthly Instalment in 5 Years		7.90%	64.13	20.80	84.94	-	-	-
Term Loan 007LN06211745002	17-Apr-26	Monthly Instalment in 5 Years		7.90%	66.35	21.52	87.86	-	-	-
Term Loan 007LN06213050001	17-Apr-26	Monthly Instalment in 5 Years		7.90%	10.88	23.02	34.00	-	-	-
					239.05	127.46	366.51	99.71	62.12	161.84

19 Provisions

	Current	Current	Non-Current	Non-Current
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Provision for gratuity	0.06	0.09	2.15	0.83
Provision for compensation absences	0.05	0.03	0.26	0.15
Income tax provision	2.38	10.49	-	-
Total provisions	2.49	10.61	2.41	0.98

20 Other non-current liabilities

Government Grant	31 March 2022	31 March 2021
	119.43	27.73
	119.43	27.73

21 Short-term borrowings

Secured, from bank, term loan	31 March 2022	31 March 2021
Current maturity of long term loans	127.46	62.12
Interest accrued but not due on loan	2.51	1.12
Total short-term borrowings	129.97	63.24

Note: Borrowings are subsequently measured at amortised cost and therefore interest accrued on current borrowings are included in the respective amounts

22 Trade payables

Total outstanding dues of micro enterprises and small enterprises	31 March 2022	31 March 2021
	29.28	16.61
Total outstanding dues of creditors other than micro enterprises and small enterprises*	279.50	186.22
Total trade payables	308.78	202.83

Trade payable ageing schedule as at 31 Mar 2022

Particulars								Outstanding for following periods from due date of payments				Total
Unbilled dues		Not due	Less than 1 year	1-2 yrs.		2-3 yrs.		More than 3 years				
MSME		-	27.67	1.13	0.48		-		-	29.28		
Others		17.22	235.53	26.54	0.12		0.01		0.09	279.50		
Disputed dues- MSME		-	-	-	-		-		-	-		
Disputed dues- Others		-	-	-	-		-		-	-		
Total		17.22	263.19	27.67	0.60		0.01		0.09	308.78		

Trade payable ageing schedule as at 31 Mar 2021

Particulars		Outstanding for following periods from due date of payments					Total
Unbilled dues	Not due	Less than 1 year	1-2 yrs.	2-3 yrs.	More than 3 years		
MSME	-	-	16.61	-	-	16.61	
Others	-	-	185.87	0.23	0.12	186.22	
Disputed dues- MSME	-	-	-	-	-	-	
Disputed dues- Others	-	-	-	-	-	-	
Total	-	-	202.48	0.23	0.12	202.83	

23 Other financial liabilities

Other financial liabilities at amortised cost	31 March 2022	31 March 2021
Interest on loan from Brainbees solutions pvt. ltd.	1.88	-
Capital creditors	4.79	5.04
Accrued employee liability	15.67	5.38
Total other financial liabilities	22.34	10.42

24 Other current liabilities

Statutory due payable	31 March 2022	31 March 2021
Advance from customer	4.62	3.07
Government grant	230.26	3.78
Refund liability	25.17	6.01
Total other current liabilities	10.99	-
	271.04	12.86

*[Signature]*



**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

	31 March 2022	31 March 2021
<b>25 Revenue from operations</b>		
Sale of products*	3,183.12	1,886.58
Sale of services		
-Job work charges	72.98	44.61
<b>Total</b>	<b>3256.10</b>	<b>1931.19</b>
<b>* Sale of products consist of:</b> (net of returns, discounts, etc.)		
Diapers ^	2,764.32	1,547.89
Trading Items	374.51	301.72
Others	74.90	36.97
	<b>3213.73</b>	<b>1886.58</b>
	31 March 2022	31 March 2021
<b>(a) Contract balances</b>		
<b>Contract assets</b>		
Trade receivables	261.77	255.18
<b>Contract liabilities</b>		
Advance from customer	230.26	3.78
<b>(b) Reconciliation of revenue as recognized in the Statement of Profit &amp; Loss with the contracted price</b>		
Revenue as per contracted price	3,314.04	1,908.63
Less: Sales return	(20.62)	(2.11)
Less: Discount	(37.32)	(20.45)
<b>Revenue as per Statement of Profit &amp; Loss</b>	<b>3256.10</b>	<b>1931.19</b>
	31 March 2022	31 March 2021
<b>26 Other income</b>		
<b>Government grants and incentives</b>		
-Government grants are recognised when there is a reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.		
-Government grants related to assets are deferred and amortised over the useful life of the asset. Government grants related to income are deferred on a systematic basis over the period of the grant.		
Interest income		
- on fixed deposits designated as amortized cost	1.09	4.61
- Security deposits	0.19	0.12
- on government grant	5.62	3.97
Net gain/(loss) on exchange difference and translations	6.98	10.44
Deferred Income government grant	53.31	6.01
Miscellaneous Income	1.08	0.06
<b>Total</b>	<b>68.27</b>	<b>25.21</b>
	31 March 2022	31 March 2021
<b>27 Cost of material consumed</b>		
Inventory at the beginning of the year	383.34	171.13
Add: Purchases*	2,342.48	1,320.04
Less: Inventory at the end of the year	(510.72)	(383.34)
Less: Material captively used in Capital Projects	(14.65)	-
<b>Cost of raw material consumed</b>	<b>2,200.45</b>	<b>1,107.83</b>
<b>Purchase of stock in trade</b>	<b>275.81</b>	<b>258.81</b>
	31 March 2022	31 March 2021
<b>28 Changes in inventories of finished goods, stock-in-trade and work-in-progress</b>		
<b>Inventories at the beginning of the year</b>		
-Finished goods	34.79	50.85
-Work-in-progress	3.45	0.76
-Stock-in-trade	-	2.64
	<b>38.24</b>	<b>54.25</b>
<b>Less: Inventories at the end of the year</b>		
-Finished goods	108.49	34.79
-Work-in-progress	4.23	3.45
-Stock-in-trade	-	-
	<b>112.72</b>	<b>38.24</b>
<b>Net decrease/ (increase)</b>	<b>(74.48)</b>	<b>16.01</b>
	31 March 2022	31 March 2021
<b>29 Employee benefits expense</b>		
Salaries, wages, bonus and other allowances	102.91	67.65
Contribution to Provident Fund and ESI	3.53	2.75
Staff welfare expenses	2.43	1.48
<b>Total</b>	<b>108.87</b>	<b>71.88</b>

\* Includes packing material, Customs, Clearing Charges, Carriage Inward, etc. incurred in order to bring the materials in its intended use.





**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

	31 March 2022	31 March 2021
<b>30 Finance costs</b>		
Interest on borrowing	24.27	22.31
Processing charges	0.35	0.35
Bill discounting charges	-	0.24
Others (commission on funding, Bank charges)	5.55	1.39
Interest Expenses on lease liability	0.69	0.25
<b>Total</b>	<b>30.86</b>	<b>24.54</b>

# Interest expense capitalised during the the year is amount 6.54 million (31 March 2021:Nil)

	31 March 2022	31 March 2021
<b>31 Depreciation and amortization expense</b>		
Depreciation on property, plant and equipment	71.60	39.01
Amortization on right to use assets	0.95	0.44
<b>Total</b>	<b>72.55</b>	<b>39.45</b>

	31 March 2022	31 March 2021
<b>32 Other expenses</b>		
Power and fuel	42.88	24.15
Consumption of stores & spares	11.03	13.15
Labour charges	57.72	37.33
Manpower charges	-	0.10
Freight & forwarding charges	46.11	36.06
Repairs and maintenance - others	3.37	2.10
Rent	25.78	16.62
Rates and taxes	0.50	1.45
Vehicle running expenses	0.75	0.36
Travel and conveyance	10.87	4.89
Postage and courier	0.85	0.33
Insurance	4.52	2.22
Printing & Stationery	0.73	0.42
Communication, broadband and internet expenses	0.54	0.29
Security Expenses	5.08	2.98
Legal and professional charges*	13.22	9.84
Advertisement	58.05	60.88
Miscellaneous expenses	23.94	13.48
<b>Total</b>	<b>305.94</b>	<b>226.66</b>

\*Note : Payment to auditors includes

	31 March 2022	31 March 2021
<b>As auditor:</b>		
Statutory audit	0.75	0.95
Other audit services	1.30	-
<b>In other capacity:</b>		
Tax audit	0.05	0.05
Reimbursement of expenses	0.15	0.05
<b>Total</b>	<b>2.25</b>	<b>1.05</b>




Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

33 Income Tax

(A) Deferred tax relates to the following:

	31 March 2022	31 March 2021
<b>Deferred tax assets</b>		
On unabsorbed depreciation and carry forward business losses		-
On disallowance u/s 43B	0.63	0.25
On preliminary expenditure u/s 35D		-
	<u>0.63</u>	<u>0.25</u>
<b>Deferred tax liabilities</b>		
On excess depreciation claimed in Income-tax Act, 1961	55.74	46.29
Impact on right to use assets	(0.50)	1.48
	<u>55.24</u>	<u>47.77</u>
<b>Deferred tax income</b>	<u>(54.61)</u>	<u>(47.52)</u>
Less: Deferred tax asset not recognized		-
<b>Deferred tax liability</b>	<u>(54.61)</u>	<u>(47.52)</u>

(B) Recognition of deferred tax asset to the extent of deferred tax liability

	31 March 2022	31 March 2021
<b>Balance sheet</b>		
Deferred tax asset	0.63	0.25
Deferred tax liabilities	(55.24)	(47.77)
Deferred tax assets/ (liabilities), net	<u>(54.61)</u>	<u>(47.52)</u>

(C) Reconciliation of deferred tax assets/ (liabilities) (net):

	31 March 2022	31 March 2021
Opening balance as of 1 April	(47.52)	(10.42)
Tax liability recognized in Statement of Profit and Loss	(7.09)	(37.09)
Closing balance as at 31 March	<u>(54.61)</u>	<u>(47.51)</u>

(D) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss

	31 March 2022	31 March 2021
Tax liability	(7.47)	(37.21)
Tax asset	0.38	0.12
Deferred tax liability to be recognized	<u>(7.09)</u>	<u>(37.09)</u>

(E) Income tax expense

	31 March 2022	31 March 2021
- Current tax taxes	83.77	47.42
- Deferred tax charge / (income)	7.09	37.09
<b>Income tax expense reported in the statement of profit or loss</b>	<u>90.86</u>	<u>84.51</u>

(F) Reconciliation of tax charge

	31 March 2022	31 March 2021
Profit before tax	404.37	211.22
Income tax expense at tax rates applicable	101.76	53.16
Tax effects of:		
- Item not deductible for tax	(14.29)	(3.23)
- Other income not liable to tax	(3.70)	(2.51)
<b>Income tax expense</b>	<u>83.77</u>	<u>47.42</u>





**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**  
**(All amounts in Rupees millions, unless otherwise stated)**

**34 Earnings/ Loss per share**

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

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

	31 March 2022	31 March 2021
Profit attributable to equity holders	313.43	126.71
Profit attributable to equity holders after preference dividend	313.43	126.71
Profit attributable to equity holders adjusted for the effect of dilution	313.43	126.71
Weighted average number of equity shares for basic EPS	12.34	12.34
Basic earning per share (INR)	25.40	10.27
Weighted average number of equity shares for diluted EPS	25.19	21.09
Diluted earning per share (INR)	12.44	6.01

**35 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 2022	31 March 2021
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 29)	3.53	2.75

**(B) Defined benefit plans**

- a) Gratuity payable to employees  
b) Compensated absences for Employees

	31 March 2022	31 March 2021
a) Gratuity payable to employees	2.21	0.83
b) Compensated absences for Employees	0.31	0.18

**i) Actuarial assumptions**

	31 March 2022	31 March 2021
Discount rate (per annum)	6.65%	6.26%
Rate of increase in Salary	10%	10%
Expected average remaining working	6.33 Yrs	6 Yrs
Attrition rate	14%	14%

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

	Employee's gratuity fund 31 March 2022	31 March 2021
Present value of obligation at the beginning of the year	0.83	-
Interest cost	0.05	-
Past service cost	-	-
Current service cost	1.25	0.83
Curtailements	-	-
Settlements	-	-
Benefits paid	-	-
Actuarial (gain)/ loss on obligations	0.08	-
Present value of obligation at the end of the year	2.21	0.83

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

	Employee's gratuity fund 31 March 2022	31 March 2021
Current service cost	1.25	0.83
Past service cost	-	-
Interest cost	0.05	-
Expected return on plan assets	-	-
Actuarial (gain) / loss on obligations	-	-
Settlements	-	-
Curtailements	-	-
Total expenses recognized in the Statement Profit and Loss	1.30	0.83

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

	Employee's gratuity fund 31 March 2022	31 March 2021
Present value of unfunded obligation as at the end of the year	2.21	0.83
Unrecognized actuarial (gains)/losses	-	-
Unfunded net asset / (liability) recognized in Balance Sheet*	2.21	0.83

\*Included in provision for employee benefits (Refer note 19)

	31 March 2022	31 March 2021
Amounts to be recognised in Balance Sheet		
Gratuity		
Non-current	2.15	0.83
Current	0.06	0.00
	2.21	0.83



**Swara Baby Products Private Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2022

v) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
	31 March 2022	31 March 2021
Discount rate		
1% increase	0.18	0.07
1% decrease	0.21	0.08
Rate of increase in salary		
1% increase	0.20	0.07
1% decrease	0.18	0.07
vi) Maturity profile of defined benefit obligation		
Year	Employee's gratuity fund	
	31 March 2022	31 March 2021
Apr 2021- Mar 2022	-	0.00
Apr 2022- Mar 2023	-	0.00
Apr 2023 - Mar 2024	-	0.04
Apr 2024- Mar 2025	-	0.06
Apr 2025- Mar 2026	-	0.11
Apr 2026 - Mar 2031	-	0.51
Apr 2031 onwards	-	0.85
Maturity profile of defined benefit obligation		
Year	31 March 2022	31 March 2021
Apr 2022- Mar 2023	0.06	-
Apr 2023- Mar 2027	0.78	-
Apr 2027- Mar 2032	1.31	-
Apr 2032 onwards	2.26	-

**36 Related Party Disclosures:**

I Names of related parties and description of relationship as identified and certified by the Company:

**Parent Company**  
Brainbees Solutions Private Limited

**Enterprises over which KMP/Director and relatives of KMP/Director exercises significant influence**

Shantinath Detergents Pvt Ltd  
KA Enterprises  
Anadva Baby Products LLP

Nature of relationship  
Entities over which a director has significant influence  
Entities over which a director has significant influence  
Entities over which a director has significant influence

**Key Management Personnel (KMP)**

Name	Nature of relationship
Ritum Jain	Director
Rahul Bubna	Director (till 24 April 2020)
Alok Birla	Managing Director
Supam Maheshwari	Director
Gautam Sharma	Director
Sandita Birla	Director
Prashant Prakash Jadhav	Director
Rucha Pandey	Company Secretary

II Summary of the transactions with related parties is as follows :

Parent Company	31 March 2022	31 March 2021
Sale of products	1,039.99	440.60
Issue of compulsorily 0.1% Convertible Non-cumulative Preference Shares of Rs 10 Each	-	128.48
Security Premium on issue of 0.1% 0.1% Convertible Non-cumulative Preference shares	-	745.19
Loan received	50.00	-
Loan repaid	50.00	-

**Enterprises over which KMP/Director and relatives of KMP/Director exercises significant influence**

	31 March 2022	31 March 2021
Sale of products	10.33	8.12
Business Support Services	3.30	3.06
Purchases	8.09	0.02

III Disclosure in respect of all related party transactions:

Sale of products	31 March 2022	31 March 2021
Brainbee Solution Pvt Ltd	1,039.99	440.60
KA Enterprises	10.33	8.12
Business Support Services		
Anadva Baby Products LLP	3.00	2.10
Shantinath Detergents Pvt Ltd	0.30	0.96
Purchase		
KA Enterprises	8.09	0.02
Loan Received		
Brainbee Solution Pvt Ltd	50.00	-
Loan Paid		
Brainbee Solution Pvt Ltd	50.00	-
Key Management Personnel (KMP)		
Compensation of key management personnel		
Alok Birla	20.00	13.00
Rucha Pandey	0.69	0.13
Loan		
Alok Birla	22.50	-
Interest on Loan		
Alok Birla	0.39	-



Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022

IV Amount due to/from related party as on:

	31 March 2022	31 March 2021
Parent Company		
Advance received	226.07	1.74
Interest on loan	1.88	-
Entity under common control*		
Trade Payable		
Shantinath Detergents Pvt Ltd	0.03	0.08
Trade Receivable		
KA Enterprises	1.18	-
Key Management Personnel (KMP)		
Employee related payables	5.00	0.57
Loan	22.89	-

Note: All transactions with these related parties are priced on an arm's length basis.

37 Segment reporting

The Company's operations predominantly relate to manufacturing and sale of diapers. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence no separate segment information has been furnished herewith.

The Company categorizes its revenue by geographical region, as summarized below, which as per management is most appropriate:

Revenue from operations

	31 March 2022		31 March 2021	
	Amount (INR)	%	Amount (INR)	%
From India	3,256.10	100%	1,928.24	99.85%
From foreign countries	-	0%	2.95	0.15%
	3,256.10	100%	1,931.19	100%

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, 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 has not distributed any dividend to its shareholders. 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 liability component of Convertible Preference Shares and current borrowing from ultimate holding company of the Company. 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 2022	31 March 2021
Equity	1,594.03	1,280.61
Total equity	(i) 1,594.03	1,280.61
Borrowings other than convertible preference shares	369.02	162.95
Less: Cash and cash equivalents	10.28	40.10
Total debt	(ii) 358.74	122.86
Overall financing	(iii) = (i) + (ii) 1,952.77	1,403.46
Gearing ratio	(ii)/(iii) 0.18	0.09





Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

39 Fair value measurements

A Financial instruments by category

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables and other current financial liabilities approximates their carrying amounts largely due to short term maturities of these instruments.

The carrying value and fair value of financial instruments by categories as on 31 March 2022

	Note	Amortized Cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial assets:								
Security Deposits	7	7.56	-	-	-	-	7.56	-
Others	7	0.07	-	-	-	-	0.07	-
Trade receivables	10	261.77	-	-	-	-	261.77	-
Cash and cash equivalents	11	10.28	-	-	-	-	10.28	-
Other bank balances	12	47.80	-	-	-	-	47.80	-
		327.49	-	-	-	-	327.49	-
Financial liabilities:								
Lease liability	6	6.92	-	-	-	-	6.92	-
Borrowings	18.21	369.02	-	-	-	-	369.02	-
Employee benefit obligations	19	4.90	-	-	-	-	4.90	-
Trade payables	22	308.78	-	-	-	-	308.78	-
Other financial liabilities	23	22.34	-	-	-	-	22.34	-
		711.96	-	-	-	-	711.96	-

The carrying value and fair value of financial instruments by categories as on 31 March 2021

	Note	Amortized Cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial assets:								
Security Deposits	7	3.31	-	-	-	-	3.31	-
Others	7	0.07	-	-	-	-	0.07	-
Trade receivables	10	255.18	-	-	-	-	255.18	-
Cash and cash equivalents	11	40.10	-	-	-	-	40.10	-
Other bank balances	12	84.80	-	-	-	-	84.80	-
		383.45	-	-	-	-	383.45	-
Financial liabilities:								
Lease liability	6	6.92	-	-	-	-	6.92	-
Borrowings	18.21	161.83	-	-	-	-	161.83	-
Employee benefit obligations	19	11.50	-	-	-	-	11.50	-
Trade payables	22	202.83	-	-	-	-	202.83	-
Other financial liabilities	23	10.42	-	-	-	-	10.42	-
		393.51	-	-	-	-	393.51	-



*[Handwritten signature]*



#### 40 Financial instruments - Risk management

##### Fair value hierarchy:

**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).

The Company does not have assets and liabilities which are measured at fair value on a recurring basis as of 31 March 2022 and 31 March 2021.

##### Financial risk management framework

A financial risk management framework is in place in the form of a treasury policy approved by board of directors of holding company which has been adopted by the Company. In accordance with its treasury policy, the Company actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) an assessment of the impact of market risks against defined risk limits, which take into account the risk appetite of the Company and (b) the use of a variety of derivative and non-derivative financial instruments. This policy also guides the manner of investing the surplus funds of the Company. Also, the Company has a Trade Finance Credit policy which guides on managing the customer credit limits.

##### Financial risk factors:

The nature of the Company's business exposes it to a range of financial risks. These risks include:

- (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates, commodity prices and other market prices,
- (ii) credit risk and
- (iii) liquidity and refinancing risk.

##### (i) Market risk factors:

###### Foreign exchange risk:

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The following table analyses the Company's foreign currency risk exposure as a result of financial instruments designated in major foreign currencies as at 31 March 2022

	U.S. dollars	INR	Total
Trade receivables	0.0000	0.0031	0.0031
Trade payables	(0.0015)	(0.1101)	(0.1101)
	(0.0014)	(0.1070)	(0.1084)

The following table analyzes the Company's foreign currency risk exposure as a result of financial instruments designated in major foreign currencies as at 31 March 2021

	U.S. dollars	INR	Total
Trade receivables	0.0021	0.1500	0.1500
Trade payables	0.2510	18.3820	18.3820
	0.2531	18.5320	18.7851

##### Interest rate risk:

The Company's borrowings carry a fixed rate of interest and are measured at amortised cost. They are, therefore, not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flows will fluctuate due to change in market interest rates.

##### (ii) Credit risk:

Credit risk arises from the possibility that counterparties involved in transactions with the Company may default on their obligation, resulting in financial losses to the Company. Credit risk relates both to financial assets as well as to operational assets managed by the Company's businesses (such as trade receivables, security deposits).

The Company has policies and operating guidelines in place to ensure that financial instrument transactions and bank deposit transactions are only entered into with high credit quality banks and financial institutions.

The credit risk to operational assets is managed through the use of credit limits based on credit worthiness and business capabilities of the customers. The credit risk is also partially mitigated through commercial activities, which include cash sales incentives and obtaining other security from customers where appropriate.

On account of adoption of Ind AS 109 Financial Instruments, the Company uses expected credit loss model to assess the impairment loss of trade receivables.

Expected credit loss assessment for trade receivables and security deposits as at 31 March 2022 and 31 March 2021

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The trade receivables are subject to low credit risk since the counterparty has strong capacity to meet the obligations and where the risk of default is negligible or nil based on the Company's past experience. Hence, no provision has been created for Expected credit loss for credit risk arising from these financial assets.

##### (iii) Liquidity risk:

The Company's principal sources of liquidity are cash and cash equivalents, other financial assets and cash flow that is generated from operations. The Company believes that the current working capital is sufficient to meet its current obligatory requirements. Accordingly, no liquidity risk is perceived.

As on 31 March 2022, the Company had a working capital as follows

Particular	31 March 2022	31 March 2021
Current assets	1,117.47	878.35
Current liabilities	735.31	300.56
Working capital	382.17	577.79



**Swara Baby Products Private Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2022**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2022 & 31 March 2021.

**As at 31 March 2022**

Particulars	Carrying amount	Contractual cash flows			Total
		Less than 1 year	1- 3 years	More than 3 years	
Trade payables	308.78	308.78	-	-	308.78
Lease liabilities	6.92	0.69	1.39	4.84	6.92
Borrowing	369.02	132.32	165.92	70.78	369.02
Other financial liabilities	22.34	22.34	-	-	22.34

**As at 31 March 2021**

Particulars	Carrying amount	Contractual cash flows			Total
		Less than 1 year	1- 3 years	More than 3 years	
Trade payables	202.83	202.83	-	-	202.83
Lease liabilities	6.92	0.69	1.39	4.84	6.92
Borrowing	162.95	62.12	100.83	-	162.95
Other financial liabilities	10.42	10.42	-	-	10.42

**41 Dues to micro and small enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	31 March 2022	31 March 2021
a) Principal amount payable to suppliers as at year end	29.28	16.61
b) Interest due thereon as at year end *	NIL	NIL
c) Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which interest relates	NIL	NIL
d) Amount of delayed payments actually made to suppliers during the year	24.91	51.32
e) Amount of interest due and payable for the year of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding interest specified under the MSMED Act *	0.30	0.30
f) Interest accrued and remaining unpaid at the end of the year**	0.30	0.30
g) 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 the MSMED Act, 2006 *		

\*\* Above interest amounts have not been provided in the books.

Note : The Company has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and/ or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006

**42 Contingent liabilities and commitments**

**i. Contingent liabilities**

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to the employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same the company has assessed and implemented the recent SC judgement prospectively from March 2019 onwards. The Company would record any further effect on its financial statements, on receiving additional clarity from the relevant authorities on the subject.

**ii. a) Commitments**

The estimated amount of contracts remaining to be executed on capital account and not provided for:

Particulars	31 March 2022	31 March 2021
Tangible assets (Net of advances)	130.24	71.78
<b>Total</b>	<b>130.24</b>	<b>71.78</b>





**Swara Baby Products Private Limited**

Notes forming part of the Financial Statements for the year ended 31 March 2022

**b) Other commitments**

The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly has an export obligation of amount **571.75 million** (March 31, 2021 : Rs. Nil). In this respect the Company has given Bond of amount **101.67 million** (March 31, 2021 :Rs. Nil) to the Commissioner of Customs.

Year of issue	Export obligation to be fulfilled till F.Y	Unfulfilled export obligation	
		As at 31 March 2022	As at 31 March 2021
		Millions	Millions
2021-2022	2027-2028	571.75	NA
2020-2021	NA	NA	NA

**43 Corporate Social Responsibility**

The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

Particulars	31 March 2022	31 March 2021
(a) amount required to be spent by the company during the year,	1.70	0.28
(b) amount of expenditure incurred till date	1.98	-
For F.Y: 2021-22	1.70	-
For F.Y: 2020-21	0.28	-
<b>Paid</b>		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	1.98	-
<b>Yet to be paid</b>		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	-	-
<b>Total (b)</b>	1.98	-
(c) shortfall at the end of the year,	-	0.28
(d) reason for shortfall,		Due to first wave of Covid-19 pandemic striking in India in Financial Year 2020-21, the operations of the Company were affected and hence Company did not spend the specified amount 0.28 million on any of the CSR activities.
(e) total of previous years shortfall,	-	-
(f) nature of CSR activities,	a) Rajasthan gokalyan b) PM care fund c) Umeed health & medicare hospital d) Round table india trust	-

**44 Code of Social Security**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Indian companies in the group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.



Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

45 Ratio analysis & calculation

1 Current ratio

Particular	31 March 2022	31 March 2021
Current assets	1,117	878
Current liabilities	735	301
Ratio	1.52	2.92

Change from 31 March 2021 -48%

Reason for more than 25% change

March 2022 vs March 2021 :

Company got the equity investment of Rs. 870 million in F.Y 20-21 for expansion activities and initially fund was invested in current assets i.e. stock, fixed deposits, trade receivables etc. and in F.Y 21-22 the same fund was utilized for property plant and equipment hence current ratio has reduced.

2 Debt- Equity ratio

Particular	31 March 2022	31 March 2021
Debt	369	162
Equity	1,594	1,281
Ratio	0.23	0.13

Change from 31 March 2021 83%

Reason for more than 25% change

March 2022 vs March 2021 :

Company obtained 3 additional term loans from HDFC bank during the year for 3 additional machineries capitalized during the year.

3 Debt service coverage ratio

Particular	31 March 2022	31 March 2021
Earnings available for debt service	417	191
Debt service	138	72
Ratio	3.01	2.65

Change from 31 March 2021 13%

Particulars	31 March 2022	31 March 2021
Profit for the year*	314	127
Add: Depreciation and amortisation expense	73	39
Add: Finance costs	31	25
Earning available for debt service	417	191
Finance cost	31	25
Lease payment	1	1
Principal repayment	107	47
Total interest and Principal repayment	138	72
Ratio	3.01	2.65

4 Return on equity (ROE)

Particular	31 March 2022	31 March 2021
Net Profit (After Tax)	314	127
Op. Shareholder Equity	1,281	280
Cl. Shareholder Equity	1,594	1,281
Avg Shareholder's Equity	1,437	780
Ratio	0.22	0.16

Change from 31 March 2021 34%

Reason for more than 25% change

March 2022 vs March 2021 :

Sales in the current year has increased due to over all increase in market demand and to cater the same there has been significant capitalization of property, plant and equipment during the year which led to increase in the net profit of the company.



Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

5 Inventory turnover ratio

Particular	31 March 2022	31 March 2021
Sales	3,256	1,931
Opening inventory	428	226
Closing inventory	643	428
Average inventory	535	327
Ratio	6.08	5.91

Change from 31 March 2021 3%

6 Trade receivables turnover ratio

Particular	31 March 2022	31 March 2021
Credit sales	3,256.10	1,931.19
Opening accounts receivables	255.18	81.24
Closing accounts receivables	261.77	255.18
Average accounts receivables	258.48	168.21
Ratio	12.60	11.48

Change from 31 March 2021 10%

7 Trade payables turnover ratio

Particular	31 March 2022	31 March 2021
Net credit purchases	2,342	1,579
Opening trade payables	212	140
Closing trade payables	309	212
Average trade payables	261	176
Ratio	8.99	8.96

Change from 31 March 2021 0.32%

8 Net capital turnover ratio

Particular	31 March 2022	31 March 2021
Net sales	3,256	1,931
Current assets	1,117	878
Current liabilities	735	301
Working capital	382	578
Ratio	8.52	3.34

Change from 31 March 2021 155%

Reason for more than 25% change

March 2022 vs March 2021 :

Sales in the current year has increased due to over all increase in market demand and to cater the same there has been significant capitalization of property, plant and equipment during the year which led to increase in the net profit of the company.

9 Net profit ratio

Particular	31 March 2022	31 March 2021
Net profit (after tax)	314	127
Net sales	3,256	1,931
Ratio	0.10	0.07

Change from 31 March 2021 47%

Reason for more than 25% change

March 2022 vs March 2021 :

Sales in the current year has increased due to over all increase in market demand and to cater the same there has been significant capitalization of property, plant and equipment during the year which led to increase in the net profit of the company.





Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

10 Return on capital employed

Particular	31 March 2022	31 March 2021
EBIT	435	236
Capital employed	2,018	1,490
Ratio	0.22	0.16

Change from 31 March 2021

36%

Reason for more than 25% change

March 2022 vs March 2021 :

Sales in the current year has increased due to over all increase in market demand and to cater the same there has been significant capitalization of property, plant and equipment during the year which led to increase in the net profit of the company  
The company has availed additional borrowings during the year for machinaries capitalized during the year.

Particulars	31 March 2022	31 March 2021
Profit before tax	404.37	211.22
Add: Finance costs	30.86	24.54
Adjusted EBIT	435.23	235.76
Total equity	1,594.03	1,280.61
Deferred tax liability	54.61	47.52
Non-current borrowings	239.05	99.71
Current borrowings	129.97	62.12
Total debt	369.02	161.84
Adjusted EBIT	435.23	235.76
Capital Employed	2,017.67	1,489.96
Ratio	0.22	0.16



Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)

46 Borrowings secured against current assets

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	Notes	31 March 2022	31 March 2021
<b>Current</b>			
<b>Financial Assets</b>			
Trade receivables	10	261.77	255.18
<b>Non Financial Assets</b>			
Inventories			
a) Raw material	9	510.72	383.35
b) Finished Goods	9	108.49	34.79
c) WIP	9	4.23	3.45
d) Stores & Spares	9	19.07	6.23
<b>Total current assets pledged as security</b>		<b>904.29</b>	<b>683.00</b>
<b>Non Current</b>			
<b>Non Financial Assets</b>			
Buildings	5	234.77	87.53
Plant & Machineries		872.13	297.25
<b>Total non current assets pledged as security</b>		<b>1,106.90</b>	<b>384.79</b>
<b>Total assets pledged as security</b>		<b>2,011.19</b>	<b>1,067.79</b>

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
31 March 2022	HDFC Bank	Finished Goods	108.49	102.50	5.99	-Goods sold but material in transit amount Rs. 5.78 million. - Change of amount Rs. 0.20 million is due to revised valuation.
31 March 2022	HDFC Bank	Raw material	510.72	474.75	35.97	-Goods in transit amount Rs.43.50 million. -Change of amount Rs.(7.52) million is due to revised valuation.
31 March 2022	HDFC Bank	Trade receivables	261.77	267.79	(6.01)	-Goods sold but material in transit amount Rs.(6.96) million. -Change of amount Rs.0.95 million due to update in classification.

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
31 December 2021	HDFC Bank	Finished Goods	74.11	71.53	2.59	Goods sold but material in transit.
31 December 2021	HDFC Bank	Trade receivables	267.63	269.33	(1.70)	-Deduction from receivables on account of goods in transit amount Rs. 4.31 million. -Change of amount Rs. (2.61) million due to update in classification.



Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
31 March 2021	HDFC Bank	Finished Goods	34.79	30.89	3.90	Goods sold but material in transit.
31 March 2021	HDFC Bank	Raw material	383.34	335.59	47.75	Goods in transit
31 March 2021	HDFC Bank	Trade receivables	255.18	263.99	(8.81)	Deduction from receivables on account of goods in transit.

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
31 December 2020	HDFC Bank	Finished Goods	31.63	29.56	2.08	Goods sold but material in transit.
31 December 2020	HDFC Bank	Raw material	352.16	321.96	30.20	Goods in transit.
31 December 2020	HDFC Bank	Trade receivables	249.69	252.26	(2.57)	Deduction from receivables on account of goods in transit.





Swara Baby Products Private Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2022  
(All amounts in Rupees millions, unless otherwise stated)  
Additional Notes

47 Government grant

MPIDC

1. Company got sanction from Madhya Pradesh Industrial Development Corporation for establishment of main (Investment) unit in F.Y 2018-19 amount Rs. 51.90 million. Till F.Y 2021-22 amount Rs. 22.76 million has been received, in P&L amount Rs.18.50 million recognized during the year.
2. Company got sanction from Madhya Pradesh Industrial Development Corporation for Investment puprose (first expansion) in F.Y 2019-20 amount Rs. 82.56 million. Till F.Y 2021-22 amount Rs. 23.58 million has been received, in P&L amount Rs. 29.97 million recognized during the year.

TUFS

3. Company got sanction under Technology Upgradation Fund Scheme for Machine 2 in F.Y 2020-21 amount Rs. 22.65 million full amount has been received during the year, in P&L amount Rs. 6.17 million recognized during the year.
4. Company has applied for grant under Technology Upgradation Fund Scheme for Machine 3, 4 and 5 in F.Y 21-22 amount Rs. 80.08 million reasonable certainty has been established but as on 31 March, 2022 company has not received the grant, in P&L amount Rs. 7.28 million recognized during the year.

48 Other statutory information:

- 1 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 2 The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- 3 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- 6 The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:  
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 7 The Company does not have 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.
- 8 The Company is not declared wilful defaulter by any bank or financial Institution or government or any government authority.
- 9 The Company does not hold any investment in any subsidiary. Hence, requirement to comply with number of layer of companies as per Companies Act, 2013 is not applicable.
- 10 The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- 11 The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) or Intangible assets or both during the current or previous year.
- 12 The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.



Swara Baby Products Private Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

(All amounts in Rupees millions, unless otherwise stated)

Additional Notes

49 Reclassification consequent to amendments of Schedule III

Reclassifications consequent to amendments to Schedule III The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021. Consequent to above, the company has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) Loans to employees and KMP, in the current year. The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'Other financial liabilities' line item. Further, loans to employees and KMP (which meet the definition of a financial asset as per Ind AS 32) have been included in 'Loan' line item. Previously, these loans were included in 'Other current assets' line item. The company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarized below:

Balance sheet (extract)	31 March 2021	Increase/	31 March 2021
	(as previously reported)	(Decrease)	(Restated)
Loans (current)	-	0.52	0.52
Current borrowing	-	63.24	63.24

As per our report of even date

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. - 101248W/W-100022

Kalpesh Khandelwal

Partner

Membership No: 133124

Place: Pune

Date: 10 August 2022

UDIN: 22133124A05MRN5912

For and on behalf of the Board of Directors

Swara Baby Products Private Limited

CIN: U36999WB2016PTC218369

Gautam Sharma

Director

DIN: 08776136

Place: Pune

Date: 3 August 2022

Alok Birla

Managing Director

DIN: 00232079

Place: Pune

Date: 3 August 2022



Rucha Pande

Company Secretary

Membership No: 45553

Place: Pune

Date: 3 August 2022

