Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of JSW Industrial Gases Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of JSW Industrial Gases Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.

9. As part of an audit in accordance with Standards on Auditing, 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 management;

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

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

10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

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

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29 April 2021 as per Annexure II expressed unmodified opinion; and

g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in note 2.27 to the financial statements, has disclosed the impact of pending litigation(s) on its financial position as at 31 March 2021;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh

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Date: 2021.04.29 21:26:10 +05'30'

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAABW9087

Bengaluru
29 April 2021

Annexure I to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited on the financial statements for the year ended 31 March 2021

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted a physical verification of inventory at reasonable intervals, except for goods-in-transit and liquid products stored in tanks, which have not been verified during the year. As explained to us, stock of liquid products, included in finished goods, is stored in tanks, the content of which cannot be physically verified. No material discrepancies between physical inventory and book records were noticed on physical verification of inventory so physically verified. However, in respect of inventories which were not physically verified we are unable to comment on the discrepancies which could have arisen between physical inventory and book records.

(iii) The Company has granted unsecured loans to company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

Annexure I to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited on the financial statements for the year ended 31 March 2021

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty and penalty	248	54	1998-2004	High Court of Karnataka
	Duty, interest and penalty	623	623	2000-2001	Supreme Court of India
Income tax Act, 1961	Income tax and interest	46	-	AY 2018-19	Commissioner of Income tax (Appeals)

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

Annexure I to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited on the financial statements for the year ended 31 March 2021

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

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
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Date: 2021.04.29 21:26:52 +05'30'

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAABW9087

Bengaluru
29 April 2021

Annexure II to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited on the financial statements for the year ended 31 March 2021

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of JSW Industrial Gases Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is 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 on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India . These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. 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 includes obtaining an understanding of such internal financial controls, 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.

5. 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.

Annexure II to the Independent Auditor's Report of even date to the members of JSW Industrial Gases Private Limited on the financial statements for the year ended 31 March 2021

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh

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Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAABW9087

Bengaluru
29 April 2021

Financial Statements and Auditor's Report

JSW Industrial Gases Private Limited

31 March 2021

JSW Industrial Gases Private Limited
Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2.01 (A)	8,548	10,408
(b) Capital work in progress		764	255
(c) Investment property	2.02	4	4
(d) Financial assets			
(i) Investments	2.03	3	3
(ii) Loans	2.04	217	194
(e) Non-current tax assets	2.24 (e)	84	41
(f) Other non-current assets	2.05	906	934
		10,526	**11,839**
Current assets			
(a) Inventories	2.06	555	502
(b) Financial assets			
(i) Trade receivables	2.07	5,461	3,528
(ii) Cash and cash equivalents	2.08	4,858	232
(iii) Bank balances other than (ii) above	2.09	1,677	764
(iv) Loans	2.04	9,000	11,500
(v) Other financial assets	2.10	671	963
(c) Other assets	2.05	218	196
		22,440	**17,685**
TOTAL ASSETS		**32,966**	**29,524**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2.11	9,208	9,208
(b) Other equity	2.12	21,005	17,338
		30,213	**26,546**
Liabilities			
Non-current liabilities			
(a) Provisions	2.13	55	41
(b) Deferred tax liabilities, net	2.24 (c)	1,248	1,634
		1,303	**1,675**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.14	98	124
(ii) Other financial liabilities	2.15	278	272
(b) Provisions	2.13	11	14
(c) Current tax liabilities (net)	2.24 (f)	50	50
(d) Other current liabilities	2.16	1,013	843
		1,450	**1,303**
TOTAL EQUITY AND LIABILITIES		**32,966**	**29,524**

Summary of significant accounting policies 1.04

The accompanying notes are integral part of the financial statements.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 001076N/N500013

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Aasheesh Arjun Singh
Partner
Membership No: 210122
Bengaluru
29 April 2021

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited

NIRMAL KUMAR JAIN
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Nirmal Kumar Jain
Director
DIN : 00019442
Mumbai
29 April 2021

HARISH KOTTARATH NAIR
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Harish Kottarath Nair
Director
DIN : 07592523
Toranagallu
29 April 2021

Aninda Ghosh
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Aninda Ghosh
Chief Financial Officer
Membership No: 055361
Toranagallu
29 April 2021

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Anil Kumar Donakonda
Company Secretary
M. No : A46095
Toranagallu
29 April 2021

JSW Industrial Gases Private Limited
Profit and Loss for the period ended 31 March 2021
(All amounts in ₹ lakhs, unless other wise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
INCOME			
(a) Revenue from operations	2.17	52,938	57,457
(b) Other income	2.18	1,438	1,220
TOTAL		**54,376**	**58,677**
EXPENSES			
(a) Power and fuel	2.19	46,234	50,236
(b) Changes in inventories of finished goods and work-in-progress	2.20	2	4
(c) Employee benefits expense	2.21	468	566
(d) Depreciation and amortisation expense	2.22	2,059	2,003
(e) Other expenses	2.23	688	939
TOTAL		**49,451**	**53,748**
Profit before tax		**4,925**	**4,929**
Tax expense:			
(a) Current tax	2.24	1,638	1,620
(b) Deferred tax credit		(386)	(1,102)
Profit after tax		**3,673**	**4,411**
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods:			
(a) Remeasurement of net defined benefit liability/asset		(8)	(9)
(b) Income tax effect		2	2
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(6)**	**(7)**
Total comprehensive income for the year		**3,667**	**4,404**
Earnings per share			
Basic and diluted (₹)	2.28	**3.99**	**4.79**

The accompanying notes are integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 001076N/N500013

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Date: 2021.04.29 21:30:05 +05'30'

Aasheesh Arjun Singh
Partner
Membership No: 210122
Bengaluru
29 April 2021

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited

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Nirmal Kumar Jain
Director
DIN : 00019442
Mumbai
29 April 2021

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Director
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29 April 2021

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Aninda Ghosh
Chief Financial Officer
Membership No: 055361
Toranagallu
29 April 2021

ANIL KUMAR DONAKONDA
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Anil Kumar Donakonda
Company Secretary
M. No : A46095
Toranagallu
29 April 2021

JSW Industrial Gases Private Limited
Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

	Equity share capital	Other equity			Other comprehensive income		Total
		Capital redemption reserve	Securities premium	Retained earnings	Equity instruments through other comprehensive income	Other items	
Balance as at 1 April 2019	**9,208**	**11,377**	**1,281**	**2,949**	**2**	**(11)**	**24,806**
Profit for the year	-	-	-	4,411	-	-	4,411
Dividend including dividend distribution taxes	-	-	-	(2,664)	-	-	(2,664)
Remeasurements of net defined benefit plans	-	-	-	-	-	(7)	(7)
Balance as at 31 March 2020	**9,208**	**11,377**	**1,281**	**4,696**	**2**	**(18)**	**26,546**
Profit for the year	-	-	-	3,673	-	-	3,673
Remeasurements of net defined benefit plans	-	-	-	-	-	(6)	(6)
Balance as at 31 March 2021	**9,208**	**11,377**	**1,281**	**8,369**	**2**	**(24)**	**30,213**

Summary of significant accounting policies.
The accompanying notes are integral part of the financial statements.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 001076N/N500013

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Date: 2021.04.29 21:31:26 +05'30'

Aasheesh Arjun Singh
Partner
Membership No: 210122
Bengaluru
29 April 2021

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited

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Digitally signed by NIRMAL KUMAR JAIN
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Date: 2021.04.29 07:52:18 -07'00'

Nirmal Kumar Jain
Director
DIN : 00019442
Mumbai
29 April 2021

HARISH KOTTARATH NAIR
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Harish Kottarath Nair
Director
DIN : 07592523
Toranagallu
29 April 2021

Aninda Ghosh
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Aninda Ghosh
Chief Financial Officer
Membership No: 055361
Toranagallu
29 April 2021

ANIL KUMAR DONAKONDA
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Anil Kumar Donakonda
Company Secretary
M. No : A46095
Toranagallu
29 April 2021

JSW Industrial Gases Private Limited
Statement of Cash flows for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flow from operating activities		
Profit before tax	**4,925**	**4,929**
Adjustments for:		
Depreciation and amortisation	2,059	2,003
Interest income on bank deposits	(125)	(92)
Interest income on inter-corporate deposits	(1,150)	(978)
Consumption of insurance spares	33	11
Provision for slow and non-moving stock	(30)	(9)
Unwinding of discount on security deposits	(19)	(21)
Gain on foreign currency transaction and translation, net	(6)	(123)
Provision no longer required written back	-	(280)
Deposits with tax authorities written off	-	165
Provision for disputed tax expenses	-	(42)
Other comprehensive income (net of tax)	(6)	(7)
Amortization of prepaid expenses	25	25
Operating profit before working capital changes	**5,706**	**5,581**
Adjustments for working capital changes:		
(Increase) in inventories	(23)	(97)
(Increase) in trade receivables	(1,932)	(982)
Decrease/(Increase) in other assets	7	(88)
(Decrease) in other financial liabilities	(20)	(273)
Increase in other liabilities	170	116
Increase in provisions	10	12
Operating profit before taxes	**3,918**	**4,268**
Income tax paid (net)	(1,681)	(1,334)
Net cash generated from operating activities (I)	**2,237**	**2,934**
B. Cash flow from investing activities		
Purchase of property,plant and equipment (including capital work-in progress)	(742)	(352)
Interest received	1,567	123
Sale of mutual funds	-	7,351
Security Deposits placed	(23)	-
Unsecured loans given	-	(13,000)
Proceeds from repayment of inter corporate deposits	2,500	5,500
Investment in fixed deposits	(913)	-
Proceeds from maturity of fixed deposits (net)	-	216
Net cash generated from / (used in) investing activities (II)	**2,389**	**(162)**
C. Cash flow from financing activities		
Dividend paid during the year	-	(2,210)
Dividend Distribution Tax paid during the year	-	(454)
Net cash used in financing activities (III)	**-**	**(2,664)**
Net increase in cash and cash equivalents (I+II+III)	**4,626**	**108**
Cash and cash equivalents at the beginning of the year	232	124
Cash and cash equivalents at the end of the year	**4,858**	**232**

JSW Industrial Gases Private Limited
Statement of Cash flows for the year ended 31 March 2021 (Cont'd)

(All amounts in ₹ lakhs, unless other wise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Components of Cash and cash equivalents:		
Cash and bank balances	4,858	232
	4,858	**232**

Note:

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase / investment, of three months or less to be cash equivalents.

Summary of significant accounting policies
The accompanying notes are integral part of the financial statements.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 001076N/N500013

Aasheesh Arjun Singh
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Aasheesh Arjun Singh
Partner
Membership No: 210122
Bengaluru
29 April 2021

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited

NIRMAL KUMAR JAIN
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Nirmal Kumar Jain
Director
DIN : 00019442
Mumbai
29 April 2021

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Harish Kottarath Nair
Director
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29 April 2021

Aninda Ghosh
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Aninda Ghosh
Chief Financial Officer
Membership No: 055361
Toranagallu
29 April 2021

ANIL KUMAR DONAKONDA
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Anil Kumar Donakonda
Company Secretary
M. No : A46095
Toranagallu
29 April 2021

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1 General Information

JSW Industrial Gases Private Limited ("the Company") was incorporated on 27 September 1995 under the Companies Act, 1956 with its registered office at JSW Centre Bandra Kurla Complex, Bandra (East) Mumbai, 400051 India. The Company became a wholly-owned subsidiary of JSW Steel Limited ("the Holding Company") with effect from 16 August 2016. The Company is engaged in the business of manufacture and sale of Industrial gases. It produces gaseous oxygen, gaseous nitrogen, liquid oxygen, liquid nitrogen and liquid argon.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Board of Directors on 29 April 2021.

1.01 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (by Ministry of Corporate Affairs ('MCA'). The Company has uniformly applied the accounting policies during the periods presented.

1.02 Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

1.03 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:
>Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
>Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.
>Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
>Specified format for disclosure of shareholding of promoters.

Statement of Profit and loss:
>Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

1.04 Summary of significant accounting policies

The financial statements have been prepared using the accounting policies and measurement basis summarized below.

i. Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 March 2021, as summarised below.

ii. Current versus non-current classification

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

An asset is classified as current when:
• it is expected to realise the asset, or intends to sell or consume it, in its normal operating cycle;
• it is held the asset primarily for the purpose of trading;
• it is expected to realise the asset within twelve months after the reporting period; or
• the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when:
• it expects to settle the liability in its normal operating cycle;
• it holds the liability primarily for the purpose of trading;
• the liability is due to be settled within twelve months after the reporting period; or
• it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.
All other liabilities are classified as non-current.

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

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

iii. Foreign currency

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

iv. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale of product

Income from sale of industrial gases is recognized when control of goods and services are transferred to the customer. Revenue excludes taxes collected on behalf of government authorities and therefore has been presented net of indirect taxes such as sales tax, goods and service tax (GST), service tax etc.

Income from lease arrangement

The Company has entered into a Pipeline Supply Agreement (PSA) with JSW Steel Limited ('holding Company') for supply of industrial gases at predetermined rates plus variable payment in respect of power and fuel expenses. In addition, Minimum-take-or-pay ('MTOP') charges are billed in accordance with the PSA when consumption is lower than the minimum committed quantities by the holding Company.

PSA has been assessed as to whether it contains an embedded lease which convey to the counterparty (JSW Steel Limited) a right to use of the Company's property, plant and equipment in return for future payments. The arrangement is classified as operating leases. Accordingly, the Company has recognised the lease income consistent with the recognition of sale of industrial gases, i.e. when control of goods and services are transferred to the customer, usually on delivery and bifurcates the revenues from lease arrangement between 'Income from lease rentals' and 'Income from operation and management services'.

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

v. Property, plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

vi. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. As per the Company's evaluation of the accounting prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives.

Freehold land is not depreciated. Leasehold land is amortized over the period of the lease, except where the lease is convertible to freehold land under lease agreements at future dates at no additional cost.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

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:

Asset category	Useful life (years)
Buildings	30 years
Office equipment	5 years
Furniture and fixture	10 years
Plant and equipment	25 years
Computer equipment	3 years
Vehicles	8 years

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

vii. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Asset category	Useful life (years)
Software	3 years

viii. Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Investment properties are subsequently measured at cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external Independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

ix. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any Indication that those assets have suffered an impairment loss. If any such Indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

x. Financial instruments

a. Fair value measurements

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivable which are initially measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Profit and Loss are recognised immediately in Statement of Profit and Loss.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

x. Financial instruments (cont'd)

b. Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Investment non-derivative financial instruments

Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

Financial assets at fair value through profit and loss:

A financial asset which is not classified in any of the above categories is subsequently fair values through profit and loss.

(ii) Subsequent measurement

Investment in equity instruments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in mutual funds

Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

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

c. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement

These liabilities include are borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

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

c. Offsetting of financial instruments

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

d. Impairment of financial assets

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

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

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

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

xi. Inventories

Inventories are valued lower of costs determined as mentioned below or net realisable value.

Raw materials, processing materials, and stores are valued at cost. (for stores in the nature of property, plant and equipment on the basis of weighted average cost per unit of measurement after taking into account the receipts at actual cost). Stores and spares older than 10 years are provided for in the financial statements.

Work-in-process and finished goods are stated at cost or net realisable value whichever is lower. Cost comprises of material, direct labour, related production expenses and excise duty wherever applicable.

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

xii. Income Tax

Tax expense recognized in Statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity).

xiii. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

xiv. Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

xv. Provisions and contingencies

Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

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

xvi. Earnings/ (Loss) per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined Independently for each period presented.

xvii. Lease

The company has applied Ind AS 116 Leases in the previous year which replaces Ind AS 17 Leases, including appendices thereto.

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

As at the balance sheet date no right-of-use asset and lease liability exists since the company acts as a lessor in all of its lease arrangements.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

xviii. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacture and sale of Industrial gases in India which is the only reportable segment.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

1.04 Summary of significant accounting policies (cont'd)

xx. Significant management judgement in applying accounting policies and estimation uncertainty

Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Evaluation of Indicators for impairment of assets

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

Classification of leases

The Company has entered into a Pipeline Supply Agreement ('PSA') to provide more than an insignificant amount of the plant output to its Holding Company in return for operating payments. The management believes that such arrangements are in the nature of operating lease.

Useful lives of depreciable/amortisable assets

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

Defined benefit obligation(DBO)

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

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

2.01 (A) Property, plant and equipment

	Freehold Land	Building (*)	Office equipment	Furniture and fixture	Plant and equipment (*)	Computer equipment	Vehicles	Total
Gross block (at cost)								
Balance as at 1 April 2019	8	670	33	53	65,336	64	12	66,176
Additions	-	-	-	-	389	4	-	393
Disposals	-	-	-	-	27	-	-	27
Balance as at 31 March 2020	8	670	33	53	65,698	68	12	66,542
Additions	-	-	-	-	233		-	233
Disposals	-	-	-	-	(106)	-	-	(106)
Balance as at 31 March 2021	8	670	33	53	65,825	68	12	66,669
Accumulated depreciation								
Balance as at 1 April 2019	-	514	33	49	53,479	64	12	54,151
Depreciation charge for the year	-	14	-	1	1,983	1	-	1,999
Disposals	-	-	-	-	16	-	-	16
Balance as at 31 March 2020	-	528	33	50	55,446	65	12	56,134
Depreciation charge for the year	-	14	-	1	2,042	3	-	2,059
Disposals	-	-	-	-	(72)	-	-	(72)
Balance as at 31 March 2021	-	542	33	51	57,414	68	12	58,121
Net block								
Balance as at 31 March 2020	8	142	-	3	10,252	3	-	10,408
Balance as at 31 March 2021	8	128	-	2	8,411	-	-	8,548

(i) Leased assets

(*) The Company has leased out its plant and equipment and buildings to the Holding Company under an operating lease. Refer note 2.26.

	31 March 2021	31 March 2020
Cost	66,495	66,368
Accumulated depreciation	57,956	55,974
Net carrying amount	8,539	10,395

(All amounts in ₹ lakhs, unless other wise stated)

2.01 (B) Other intangible assets

	Software	Total
Gross block (at cost)		
Balance as at 1 April 2019	10	10
Additions		-
Disposals	-	-
Balance as at 31 March 2020	10	10
Additions		-
Disposals	-	-
Balance as at 31 March 2021	10	10
Accumulated amortisation		
Balance as at 1 April 2019	6	6
Depreciation charge for the year	4	4
Disposals	-	-
Balance as at 31 March 2020	10	10
Depreciation charge for the year	-	-
Disposals	-	-
Balance as at 31 March 2021	10	10
Net block		
Balance as at 31 March 2020	-	-
Balance as at 31 March 2021	-	-

2.02 Investment property

	Land	Total
Gross block		
Balance as at 1 April 2019	4	4
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	4	4
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	4	4
Accumulated depreciation		
Balance as at 1 April 2019	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	-	-
Net block		
Balance as at 31 March 2020	4	4
Balance as at 31 March 2021	4	4

I. Information regarding income and expenditure of Investment property	**31 March 2021**	**31 March 2020**
Rental income derived from investment properties	3	3
Direct operating expenses and taxes arising from investment properties	1	1
Profit arising from investment property before indirect expenses	2	2

II. Obligations and restrictions

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

III. Fair value measurement

The fair value of the property as on 16 August 2016 is ₹ 153 lakhs. It is based on valuations performed by external accredited independent valuer, who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Fair value hierarchy disclosures for investment properties have been provided in Note 2.31.

IV. Description of valuation techniques used and key inputs to valuation on investment properties:

The estimation of market value of land of the subject property is carried out by adopting 'sales comparison method' by conducting local enquiry and market survey with property dealers, brokers, owners of the property in the surrounding area. The prevalent market rate of comparable property in the vicinity of the property under valuation is considered to be the estimated market value of the subject property. The factors which have been considered are shape, size, location, frontage, access to main road, demand and supply of similar properties etc. The Company carried out the valuation of the investment property on 16 August 2016 and believes that the fair valuation of the land as at 31 March 2021 and 31 March 2020 are similar to the valuation carried on 16 August 2016.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless other wise stated)

		As at 31 March 2021	As at 31 March 2020
2.03	**Investments**		
	Non-current		
	Investments in equity instruments		
	Quoted, carried at fair value through other comprehensive income		
	(i) JSW Steel Limited		
	(1,000 (31 March 2020: 1000) shares at par value of ₹ 1 each (31 March 2020: ₹1 each) fully paid-up)	3	3
		3	**3**
	Other disclosures:		
	(a) Aggregate cost of quoted investments	1	1
	(b) Aggregate cost of unquoted investments	-	-
	(c) Aggregate market value of quoted investments	3	3
	(d) Aggregate market value of unquoted investments		
	(e) Investments carried at amortized cost	-	-
	(f) Investments carried at fair value through profit and loss	-	-
	(g) Investments carried at fair value through other comprehensive income	3	3

		As at 31 March 2021	As at 31 March 2020
2.04	**Loans**		
	Non-current		
	Unsecured, considered good		
	Security deposits (refer note 2.29)	217	194
		217	**194**
	Current		
	Unsecured, considered good		
	Inter-corporate deposits (refer note 2.29)	9,000	11,500
		9,000	**11,500**
	Other disclosures:		
	(a) Financial assets carried at amortized cost (refer note 2.31)	9,217	11,694
	(b) Financial assets carried at fair value through profit or loss	-	-

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(All amounts in ₹ lakhs, unless other wise stated)

		As at 31 March 2021	As at 31 March 2020
2.05	**Other assets**		
	Non-current		
	Unsecured, considered good		
	Advances other than capital advances:		
	Indirect taxes paid under protest (refer note 2.27)	807	810
	Prepaid expenses(*)	99	124
		906	**934**
	Current		
	Unsecured, considered good		
	Advance to suppliers	75	76
	Advance to employees (₹ 36,520; 31 March 2020: ₹ 35,100)	0	0
	Balances with government authorities and others	2	2
	Prepaid expenses(*)	141	118
		218	**196**
		1,124	**1,130**

(*) Includes amounts paid to the Holding Company towards security deposit to the tune of ₹ 124 lakhs for 31 March 2021 (31 March 2020: ₹ 149 lakhs) on account of housing facilities taken for the employees of the Company for a period of 11 years. The reduction in the prepaid expense balances are on account of unwinding of the discount which is recognised as expense amounting to ₹ 25 lakhs for 31 March 2021 (31 March 2020: ₹ 25 lakhs) in the Statement of Profit and Loss (refer note 2.21 and 2.29).

		As at 31 March 2021	As at 31 March 2020
2.06	**Inventories**		
	Work-in-progress (at lower of cost or net realisable value)	3	3
	Finished goods (at lower of cost or net realisable value)	105	107
	Stores and spares (at cost)	668	643
	Less: Provision for slow and non-moving stock	(221)	(251)
		555	**502**
2.07	**Trade receivables**		
	(Unsecured, considered good)		
	Trade receivables (*)	5,461	3,528
		5,461	**3,528**
	Other disclosures:		
	Dues from related parties (refer note 2.29)	5,431	3,483

* The trade receivables with significant increase in credit risk and credit impaired receivables amount to ₹Nil (31 March 2020 : ₹Nil)

		As at 31 March 2021	As at 31 March 2020
2.08	**Cash and cash equivalents**		
	Balances with banks:		
	In current accounts	42	18
	In deposits with maturity less than three months	4,815	214
	Cash on hand (₹ 49,284; 31 March 2020: ₹ 60)	1	0
		4,858	**232**
2.09	**Other bank balances**		
	Balances with banks:		
	Fixed deposits maturity for more than three months but less than twelve months	1,677	764
		1,677	**764**
2.10	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Interest accrued on fixed deposits/ inter-corporate deposits*	671	963
		671	**963**

(*) Includes interest receivable from inter-corporate deposit ₹ 609 lakhs (31 March 2020: ₹ 952 lakhs)

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(All amounts in ₹ lakhs, unless other wise stated)

2.11 Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 10 each	152,000,000	15,200	152,000,000	15,200
Redeemable preference share of ₹ 10 each	16,000,000	1,600	16,000,000	1,600
0.1% non-cumulative, non-convertible preference share of ₹ 10 each	34,700,000	3,470	34,700,000	3,470
10% non-cumulative, non-convertible preference share of ₹ 10 each	16,300,000	1,630	16,300,000	1,630
	219,000,000	**21,900**	**219,000,000**	**21,900**
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each, fully paid-up	92,083,826	9,208	92,083,826	9,208
	92,083,826	**9,208**	**92,083,826**	**9,208**

2.11 (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value				
Balances as at the beginning of the year	92,083,826	9,208	92,083,826	9,208
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	**92,083,826**	**9,208**	**92,083,826**	**9,208**

2.11 (b) Details of shares held by the holding company

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value				
JSW Steel Limited	92,083,826	9,208	92,083,826	9,208

2.11 (c) Details of shareholders holding more than 5 percent shares:

	As at 31 March 2021		As at 31 March 2020	
	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each, par value				
JSW Steel Limited	92,083,826	100 percent	92,083,826	100 percent
	92,083,826	**100 percent**	**92,083,826**	**100 percent**

2.11 (d) There has been no issuance of bonus shares during five years immediately preceding 31 March 2021.

2.11 (e) Rights, preferences and restrictions attached to shares:

Equity shares of ₹ 10 each

The Company has one class of equity shares having a par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.12 Other equity	As at 31 March 2021	As at 31 March 2020
Capital redemption reserve	11,377	11,377
Securities premium	1,281	1,281
Retained earnings:		
Balance at the beginning of the year	4,696	2,949
Add: Profit for the year	3,673	4,411
Less: Dividend including dividend distribution tax	-	(2,664)
Balance at the end of the year	**8,369**	**4,696**
Other comprehensive income		
Balance at the beginning of the year	(16)	(9)
Add: Profit for the year	(6)	(7)
Balance at the end of the year	**(22)**	**(16)**
	21,005	**17,338**

Nature and purpose of reserves

Capital redemption reserve

Amounts transferred to Capital reserve represents face value of the equity shares bought back by the Company out of its free reserves in the prior years.

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

		As at 31 March 2021	As at 31 March 2020
2.13	**Provisions**		
	Non-current		
	Provision for employee benefits:		
	Gratuity (refer note 2.21)	28	9
	Compensated absences	27	32
		55	**41**
	Current		
	Provision for employee benefits:		
	Gratuity (refer note 2.21)	10	11
	Compensated absences	1	3
		11	**14**

		As at 31 March 2021	As at 31 March 2020
2.14	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	98	124
		98	**124**

Note:

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statement based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance sheet date.

		As at 31 March 2021	As at 31 March 2020
2.15	**Other financial liabilities**		
	Current		
	Accrued expenses	70	70
	Dues to employees	74	99
	Capital creditors	67	52
	Others	67	51
		278	**272**
	Other disclosures		
	(a) Financial liabilities carried at amortized cost (refer note 2.31)	278	272
	(b) Financial liabilities carried at fair value through Profit or loss	-	-

2.16	**Other current liabilities**		
	Statutory dues payable	1,013	843
		1,013	**843**

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(All amounts in ₹ lakhs, unless other wise stated)

		Year ended 31 March 2021	Year ended 31 March 2020
2.17	**Revenue from operations**		
	Income from lease rent (refer note 2.26)	5,442	5,902
	Income from operations and management services (refer note 2.26)	45,337	49,168
		50,779	**55,070**
	Other operating revenue:		
	Sale of products	2,158	2,106
	Provision no longer required written back	-	280
	Scrap sales	1	1
		2,159	**2,387**
		52,938	**57,457**

2.18	**Other income**		
	Interest income on:		
	Bank deposits	125	92
	Inter-Corporate deposits (refer note 2.29)	1,150	978
	Interest Income on income tax refunds	11	-
	From financial assets carried at amortised cost (refer note 2.29)	19	21
	Net gain on sale of current investments	0	123
	Insurance claims(^)	121	-
	Other miscellaneous income	12	6
		1,438	**1,220**

(^) During the current year, the Company has received an insurance claim of ₹ 121 lakhs , which pertains to repairs and maintenance expenses incurred during the previous year. Since the expenses are already incurred and charged to the statement of profit and loss, the insurance claim received during the current year is accounted as other income.

		Year ended 31 March 2021	Year ended 31 March 2020
2.19	**Power and fuel**		
	Power (refer note 2.29)	45,336	49,168
	Utilities (refer note 2.29)	898	1,068
		46,234	**50,236**

		Year ended 31 March 2021	Year ended 31 March 2020
2.20	**Changes in inventories of finished goods and work-in-progress**		
	Stock at the end of the year		
	Finished goods	105	107
	Work-in-progress	3	3
		108	**110**
	Less: Stock at the beginning of the year		
	Finished goods	107	111
	Work-in-progress	3	3
		110	**114**
		2	**4**

2.21	**Employee benefits expense**		
	Salaries, wages and bonus^	380	470
	Contributions to provident and other funds [refer note 2.21 (a)]	22	24
	Gratuity [refer note 2.21 (b)]	7	5
	Compensated absences	7	12
	Staff welfare expenses*	52	55
		468	**566**

(^) Includes the stock compensation charges paid to the Holding Company amounting to ₹ 10 lakhs(31 March 2020: ₹ 9 lakhs) [refer note 2.25].
(*) Includes the prepaid expense on account of unwinding of the discount for the security deposit paid to the Holding Company which is carried at amortised cost amounting to ₹ 25 lakhs (31 March 2020: ₹ 25 lakhs) [refer note 2.05].

2.21 Employee benefits expense (cont'd)

2.21 (a) Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the Fund administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Statement of Profit and Loss in the period in which they are incurred;

	Year ended 31 March 2021	Year ended 31 March 2020
Employer's contribution to Provident fund	22	24
	22	**24**

2.21 (b) The Company has a defined benefit gratuity plan in India (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('the Act'). The level of benefits provided depends on the member's length of service and salary at retirement age. Under the Act, an employee who has completed five years of service is entitled to the specific benefit. Liability with regard to such gratuity is determined by an independent actuarial valuation using the Projected Unit Credit method and is charged to the Statement of Profit and Loss in the year. Actuarial gains and losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

The following table set out the status of the gratuity plan as required under Indian Accounting Standard (Ind AS) 19 - Employee benefits.

	Year ended 31 March 2021	Year ended 31 March 2020
Change in defined benefit obligations		
Obligations at the beginning of the year	66	60
Current service cost	5	4
Interest cost	5	5
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	12	-
Benefits settled	(17)	(14)
Actuarial gains	5	11
Obligations at the end of the year	**76**	**66**
Change in fair value of plan assets		
Plan assets at the beginning of the year, at fair value	46	54
Interest Income	3	4
Return on Plan Assets, Excluding Interest Income	(3)	2
Contributions by the Employer	9	-
Benefits settled	(17)	(14)
Plan assets at the end of the year, at fair value	**38**	**46**
Reconciliation of present value of obligation and the fair value of assets		
Present value of the defined benefit obligation at the end of the year	76	66
Less: Fair value of plan assets	38	46
(Asset)/liability recognised in the balance sheet	**38**	**20**
Components of net gratuity cost		
Current service cost	5	4
Past service cost	-	-
Net Interest cost	2	1
Net gratuity costs charged to profit or loss	**7**	**5**
Components Remeasurement losses/(gains) in other comprehensive income		
Recognised net actuarial losses/(gains)	8	9
Remeasurement losses in other comprehensive income	**8**	**9**
Assumptions used		
Discount rate	6.87%	6.89%
Salary escalation rate (*)	6.00%	8.00%
Attrition rate	2.00%	2.00%
Retirement age	58 & 60 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

(*) Estimates of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in employment market.

(All amounts in ₹ lakhs, unless other wise stated)

2.21 Employee benefits expense (cont'd)
Experience adjustments

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Present value of defined benefit obligation	76	66	60	49	42
Plan asset	38	46	54	52	11
Funded status - surplus / (deficit)	(38)	(20)	(6)	3	(31)
Experience adjustments on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities:(Gain) / Loss	5	7	(4)	2	23

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	31 March 2021		31 March 2020	
	1% increase	1% decrease	1% increase	1% increase
(a) Rate of discounting				
Impact on defined benefit obligation	(5)	6	(4)	5
(b) Salary increase/decrease				
Impact on defined benefit obligation	6	(5)	5	(4)
(c) Employee turnover				
Impact on defined benefit obligation (₹ 26,670; (₹ 29,934))	0	(0)	0	(0)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are expected payments

	31 March 2021	31 March 2020
Within the next 12 months (next annual reporting period)	2	2
Between 2 and 5 years	32	30
Between 5 and 10 years	31	34
Total expected payments	**65**	**66**

	Year ended 31 March 2021	Year ended 31 March 2020
2.22 Depreciation and amortisation expense		
Depreciation of tangible assets (refer note 2.01 (A))	2,059	1,999
Amortization of intangible assets (refer note 2.01 (B))	-	4
	2,059	**2,003**
2.23 Other expenses		
Consumption of stores and spares [#] [^]	209	118
Corporate social responsibility (refer note 2.23 (a))	25	100
Directors' siting fees	14	20
Insurance	113	58
Loss on foreign currency transaction and translation, net	6	-
Professional fees (refer note 2.23 (b))	106	75
Repairs and maintenance:		
Plant and machinery	153	116
Others	30	14
Rates and taxes	15	407
Security charges	-	8
Travelling and conveyance	12	11
Miscellaneous expenses	5	12
	688	**939**

[^] includes write back of provision for non-moving inventory amounting to ₹ 30 Lakhs (31 March 2020: ₹ Nil) on account of consumption of those inventory during the current year.

(#) During the year, the Company has consumed the insurance spares amounting to written down value of ₹ 33 Lakhs (31st March 2020: ₹11 Lakhs) and has been accounted as consumption of stores and spares.

2.23 (a) Details of Corporate Social Responsibility ('CSR') expenditure		
Gross amount required to be spent by the Company during the year	94	85
Amount spent during the year	25	100
(Excess) / shortfall of corporate social responsibility expenditure	**69**	**(15)**
2.23 (b) Payment to auditors (*)		
Statutory audit fees(including limited review fees)	35	28
Tax audit	2	2
Reimbursement of expenses	-	1
	37	**31**

(*) excluding applicable taxes

2.24 Income taxes

2.24 (a) Income tax expense in the statement of profit and loss comprises:

Current taxes	1,638	1,620
Deferred taxes	(386)	(1,102)
Income tax expense	**1,252**	**518**

2.24 (b) Reconciliation of income tax expense to the amount computed by applying the statutory tax rate:

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	**4,925**	**4,933**
Enacted tax rates in India	**25.17%**	**25.17%**
Computed expected tax expense	1,240	1,241
Adjustment of tax relating to earlier periods [^]	-	(765)
Others	12	42
Income tax expense	**1,252**	**518**

[^] The Company has opted the application of Section 115BAA of Income Tax Act, 1961 and accordingly the opening deferred tax recomputed at 25.17%(31 March 2019: 34.94%) as at 01 April 2019 has led to a reversal of deferred tax liability amounting to INR 765 lakhs.

2.24 (c) The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax liability:		
Fixed assets	1,328	1,710
Total deferred income tax liabilities	**1,328**	**1,710**
Deferred tax assets:		
Provisions for employee benefits	17	14
Provisions for slow and non-moving stock	63	62
Total deferred income tax assets	**80**	**76**
Deferred income tax liabilities, net	**1,248**	**1,634**

Note:

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.24 (d) The gross movement in the deferred income tax account is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Net deferred income tax liability at the beginning of the year	1,634	2,736
Deferred tax during the period recognised in profit or loss	(388)	(1,865)
Adjustment of deferred tax pertaining to earlier years	-	765
Deferred tax during the period recognised in other comprehensive income	2	(2)
Net deferred income tax liability at the end of the year	**1,248**	**1,634**

Note:
The credit relating to temporary differences are primarily on account of property, plant and equipments, compensated absences and certain deductions under the Income Tax Act, 1961 allowed only on payment basis.

2.24 (e) Income tax assets (*)

	As at 31 March 2021	As at 31 March 2020
Non-current		
Considered good		
Advance income tax, net of provision ₹ 14,070 lakhs (31 March 2020: ₹ 14,070 lakhs)	84	41
	84	**41**
The movement is on account of following:		
Balance at the beginning of the year (net)	41	431
Less: Refunds received during the period	-	(390)
Provision recognised for the year	(1,638)	
Less: Advance tax paid (including self-assessment tax and taxes deducted at source)	1,681	
Balance at the end of the year (net)	**84**	**41**

(All amounts in ₹ lakhs, unless other wise stated)

2.24	Income taxes (cont'd)	As at 31 March 2021	As at 31 March 2020
2.24 (f)	**Income tax liabilities (*)**		
	Current		
	Provision for income tax, net of advance tax of ₹ 3,541 lakhs (31 March 2020: ₹ 3,541 lakhs)	50	50
		50	**50**
	The movement is on account of following:		
	Balance at the beginning of the year (net)	50	154
	Provision recognised for the year	-	1,595
	Others	-	25
	Less: Advance tax paid (including self-assessment tax and taxes deducted at source)	-	(1,724)
	Balance at the end of the year (net)	**50**	**50**

(*) Income tax assets and liabilities have been offset wherever they belong to the same assessment year and not on cumulative basis, and then the excess tax has been disclosed as an asset (excess payments) or liability (short payments) as the case may be. Further the excess taxes paid may not be recoverable / realisable within one year from the balance sheet, hence the same has been presented under non-current assets.

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2.25 Share based payments

The Board of Directors of JSW Steel Limited at its meeting held on 29 January 2016, formulated the JSWSL Employee Stock Ownership Plan 2016 ('ESOP Plan 2016'). ESOP Plan 2016 is the primary arrangement under which the shared plan service incentive are provided to certain specified employees of the companies and its subsidiaries in India. At the said meeting, the Board of Directors of JSW Steel Limited authorised the ESOP Committee for superintendence of the ESOP Plan 2016.

Three grants would be made under ESOP Plan 2016 to eligible employees on the rolls of the company as at 01 April 2016, 01 April 2017, 01 April 2018.During the previous year the Company has made supplementary grants under the JSWSL Employee Stock Ownership Plan 2016 to its permanent employees who are on the rolls of the Company and its Indian subsidiaries as on 5 December 2019 and the same was approved by the ESOP committee in its meeting held on 5 December 2019.
The maximum value and share options that can be awarded to eligible employees is calculated by reference to certain percentage of individuals fixed salary compensation. 50% of the grant would vest at the end of the third year and 50% of the grant would vest at the end of the fourth year with a vesting condition that the employee is in continuous employment with the Company till the date of vesting.

The exercise price would be determined by the ESOP committee as a certain discount to the primary market price on the date of grant. These options are equity settled and are accounted for in accordance with requirement applying to equity settled share based transactions.

Option Series	Options granted	Options vested	Grant date	Vesting period from grant date	Exercise price	Fair value at grant date	Method of settlement
1st Grant 17 May 2016	1,360	1,360	17-May-16	17 May 2016 till 31 March 2019 (for 50% of the grant) and 17 May 2016 to 31 March 2020 (for remaining 50% of the grant)	103.65	67.48	Equity
2nd Grant 16 May 2017	9,234	9,234	16-May-17	16 May 2017 till 31 March 2020 (for 50% of the grant) and 16 May 2017 to 31 March 2021 (for remaining 50% of the grant)	161.36	104.04	Equity
3rd Grant 15 May 2018	6,108	3,054	15-May-18	15 May 2018 till 31 March 2021 (for 50% of the grant) and 15 May 2018 to 31 March 2022 (for remaining 50% of the grant)	253.92	167.15	Equity

Total stock compensation charges recognised in the Statement of Profit and Loss as part of employee benefit expense is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Stock compensation charges (refer note 2.21)	10	9
	10	**9**

Fair-value methods and assumptions

The Company account for awards granted ESOP Plan 2016 at fair value.
i) The Company estimate the fair values for options using the Black-Scholes-option-pricing model with the following weighted average assumptions:

	Grant 1	Grant 2	Grant 3
	Year ended 31 March 2021		
Weighted average grant date fair value, per share	67.48	104.04	167.15
Weighted average assumptions used:			
Expected volatility	39.23%	39.76%	33.23%
Expected lives (in years)	5.50	5.50	5.50
Risk-free interest rates	7.44%	6.96%	7.92%
Expected dividend yields	11.00%	0.75%	2.25%

Expected volatility
Calculation is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price. The historical period considered for volatility match the expected life of the option.

2.25 Share based payments (Cont'd)

Expected lives of options
The expected option life is assumed to be mid way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life for each tranche will be different. The expected option life is calculated as (Year to Vesting + Contractual Option Term)/2

Risk-free interest rates
Zero coupon sovereign bond yields were utilized with maturity equal to expected term of the option.

Summarized information about stock options outstanding, is as follows:

	As at 31 March 2021	
	Number of options	Weighted average exercise price per share
Opening balance	10,725	103.65
Granted during the year	6,108	253.92
Exercised during the year	3,054	103.65
Forfeited during the year	-	-
Closing balance	13,777	
Vested and exercisable	3,054	

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2021 was
Grant 1 - ₹ 129.56
Grant 2 - ₹ 201.70
Grant 3 - ₹ 329.05

2.26 Leases

2.26 (a) Operating lease commitments - Company as a lessor

(i) The Company has leased out land and other facilities under non-cancellable operating lease. Total rental income under such leases during the year amounted to ₹ 3 lakhs (31 March 2020: ₹ 3 lakhs). Future minimum lease rentals receivable expected under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Not later than 1 year	3	3
Later than 1 year but not later than 5 years	10	10
Later than 5 years	23	26

(ii) The Company ('the seller') has entered into a Pipeline Supply Agreement ('PSA'), dated 1 August 2016 applicable retrospectively from 1 June 2015, with its JSW Steel Limited ('the buyer', 'holding Company') for supply of industrial gases to meet their requirements for oxygen, nitrogen and argon, considering the maximum production and demand levels as mentioned in the PSA. The agreement has a lock-in period of 3 years and would stay effective for a period of 10 years from 1 June 2015; with a deemed extension of 5 years if the seller incurs a capital expenditure to the extent of ₹ 15,000 lakhs. The Buyer is also committed to a 'minimum-take-or-pay' arrangement as set forth in the PSA to the extent of 93.616 cubic nanometre (nm3) of gaseous oxygen and 20.580 cubic nanometre (nm3) of gaseous nitrogen.

The Pipeline Supply Agreement ('PSA') entered into by the Company further conveys a right to use of asset (mainly being plant and machinery and building) to the buyer in return for a periodic payments along with clauses for minimum guaranteed intake quantities (i.e. is an embedded lease). The management estimates that the term of the agreement does not cover the significant remaining useful life of the assets as on 1 August 2016, including right to extend for a period of 5 years only if the seller incurs additional capital expenditure. Further, the PSA does not transfer ownership of the asset to the buyer at the end of the term. Accordingly, the Company has assessed the embedded lease arrangement as an operating lease and has bifurcated the billing from the sale of gases and liquid oxygen, nitrogen and argon to the buyer in note 2.15 'Revenue from Operations' between 'Income from lease rentals' and 'Income from operation and management services'.

2.27 Contingencies and commitments

	As at 31 March 2021		As at 31 March 2020	
	Amount	Deposits	Amount	Deposits
2.27 (a) Contingent liabilities				
Claims against the Company not acknowledged as debts:				
(a) Excise duty matters	871	677	871	677
	871	**677**	**871**	**677**

A. Central Excise

i. The Company had received tax demands to the extent of ₹ 248 lakhs and ₹ 623 lakhs (31 March 2020: ₹ 248 lakhs and 623 lakhs) from the Central Excise authorities pertaining to period from 1 October 1998 to 31 October 2004 and April 2000 to May 2001, respectively, on denial of cenvat credit on capital goods, which is being contended before the High Court of Karnataka and Hon'ble Supreme Court of India, respectively. A deposit of ₹ 677 lakhs (31 March 2020: ₹ 677 lakhs) has been paid against demands.

B. The Company is contesting the above mentioned demands and the management believes that its position will likely be upheld with respective authorities. Accordingly, no tax expense has been accrued in the financial statements for the year ended 31 March 2021, for the indirect tax demands received. Considering the facts and nature of demands, the Company believes that the final outcome of the disputes should be favourable and will not have any material adverse effect on the financial position, disclosures and results of operations.

		As at 31 March 2021	As at 31 March 2020
2.27 (b)	***Commitments***		
	Capital commitments	874	606
		874	**606**

2.28	**Earnings per share:**	Year ended 31 March 2021	Year ended 31 March 2020
	Net profit attributable to equity shareholders (in ₹ lakhs)	3,673	4,411
	Weighted average number of shares outstanding during the year for computing basic EPS (*)	92,083,826	92,083,826

(*) There have been no transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Earnings / (loss) per share (in ₹) :		
- Basic & diluted	3.99	4.79
Nominal value per share	10	10

(All amounts in ₹ lakhs unless other wise stated)

2.29 Related party disclosures

2.29 (a) Parties exercising control:

Holding Company	JSW Steel Limited

2.29 (b) Other related parties with whom the Company had transactions:

Significant influence by KMP	JSW Projects Limited

2.29 (c) Key management personnel:

Managing and whole-time director of the Company	Harish Kottarath Nair
Chief Financial Officer	Satya Srinivas (resigned w.e.f 2 May 2019)
Chief Financial Officer	Aninda Ghosh (appointed w.e.f 2 May 2019)

2.29 (d) Disclosure of transactions with the related parties:

Name	Holding Company/ Other Companies		Key management personnel	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
JSW Steel Limited				
Income from lease rent	5,442	5,902	-	-
Income from operations and management services	45,337	49,168	-	-
Unwinding of discount on security deposits	19	21		
Staff welfare expenses, including ESOP(refer note 2.21)	10	9		
Purchase of power	45,336	49,168	-	-
Purchase of utilities	898	1,068	-	-
Reimbursement of expenses	61	32	-	-
Payments made on behalf of the Company	13	9	-	-
JSW Projects Limited				
Inter-corporate deposits placed	-	13,000	-	-
Inter-corporate deposits recovered	2,500	1,500	-	-
Interest accrued on inter-corporate deposits	1,150	952	-	-
Key management personnel:				
Harish Kottarath Nair (*)	-	-	119	75
Satya Srinivas	-	-	13	59
Aninda Ghosh	-	-	72	28

(*) The above figures do not include provision for compensated absences, gratuity payable, as the same are actuarially determined for the Company as a whole. The remuneration paid to Mr. Harish Kottarath Nair includes amount pertaining to JSW Steel Limited Employee Stock Plan 2016.

2.29 (e) Disclosure of balances with related parties:

Particulars	Holding Company/ Other Companies		Key management personnel	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade receivables				
JSW Steel Limited	5,431	3,484	-	-
Investments made:				
JSW Steel Limited	3	3	-	-
Prepaid expenses				
JSW Steel Limited	99	124	-	-
Security deposit				
JSW Steel Limited	217	194	-	-
Inter corporate deposits				
JSW Projects Limited	9,000	11,500	-	-

2.29 Related party disclosures (cont'd)

(i) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(ii) Commitments with related parties

The Company ('the seller') has entered into a Pipeline Supply Agreement ('PSA'), dated 1 August 2016 applicable retrospectively from 1 June 2015, with its JSW Steel Limited ('the buyer', 'holding Company') for supply of industrial gases to meet their requirements for oxygen, nitrogen and argon, considering the maximum production and demand levels as mentioned in the PSA. The agreement has a lock-in period of 3 years and would stay effective for a period of 10 years from 1 June 2015; with a deemed extension of 5 years if the seller incurs a capital expenditure to the extent of ₹ 15,000 lakhs.

Now, the buyer has agreed to supply the seller with certain utilities such as water, LPG etc. at a fixed monthly minimum price commitment of ₹ 66 lakhs (31 March 2020: ₹ 66 lakhs). Accordingly, if the seller consumes more than the monthly minimum price commitment, then the same shall be paid based on actual consumption in respective months.

2.30 Segment information

Based on guiding principles in Ind AS 108 - "Segment Reporting," the primary business segment of the Company is "industrial gases/liquid". As the Company operates in a single primary business segment, disclosure requirements are not applicable. The Company caters to the domestic market and accordingly there is no reportable geographical segment.

The Board of Directors ("the Board") and the Managing Director ("the MD") of the Company are the Chief Operating Decision Makers (CODM) and review the performance of the Company at the enterprise level. The Board and the MD rely primarily on the results at the enterprise level for assessing performance and making decisions about resource allocation and hence, management believes that there are no reportable segments.

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2.31 Fair value measurements

2.31 (a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (refer note 2.08)	4,858	-	-	4,858	4,858
Other bank balances (refer note 2.09)	1,677	-	-	1,677	1,677
Trade receivable (refer note 2.07)	5,461	-	-	5,461	5,461
Loans (refer note 2.04)	-	-	-	-	-
Others financial assets (refer note 2.10)	671	-	-	671	671
Total	**12,667**	**-**	**-**	**12,667**	**12,667**
Liabilities:					
Trade payable (refer note 2.14)	98	-	-	98	98
Other financial liabilities (refer note 2.15)	278	-	-	278	278
Total	**376**	**-**	**-**	**376**	**376**

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents (refer note 2.08)	232	-	-	232	232
Other bank balances (refer note 2.09)	764	-	-	764	764
Trade receivable (refer note 2.07)	3,528	-	-	3,528	3,528
Loans (refer note 2.04)	11,694	-	-	11,694	11,694
Others financial assets (refer note 2.10)	963	-	-	963	963
Total	**17,181**	**-**	**-**	**17,181**	**17,181**
Liabilities:					
Trade payable (refer note 2.14)	124	-	-	124	124
Other financial liabilities (refer note 2.15)	272	-	-	272	272
Total	**396**	**-**	**-**	**396**	**396**

Note:

The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

2.32 Financial risk management

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalent, other bank balances, trade receivables, financial assets measured at amortised cost.	Rolling cash flow forecasts	Availability of committed credit lines
Liquidity risk	Cash and cash equivalent, other bank balances, trade receivables, financial assets measured at amortised cost and other financial liabilities.	Ageing analysis	Bank deposits, diversification of asset base and credit limits.
Market risk – Security prices	Investment in equity instruments, investments in mutual funds	Sensitivity analysis	Portfolio diversifications

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

2.32 (a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivable

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

As the Company does not hold any collateral, the maximum expense to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the statement of financial position.

Financial instruments and cash balances

The Company manages its exposures in cash and cash equivalents, other bank balances, investments in equity securities and mutual funds. The credit risk is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Credit risk exposure

The Company is exposed to a concentration of credit risk with respect to its trade receivable balances from its Holding Company. At the reporting date, trade receivable balances from Holding Company represents 97 percent (31 March 2020: 97 percent) of the total trade receivable balances, respectively.

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at the year end is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Loans (refer note 2.04)	-	11,694
Trade receivable (refer note 2.07)	5,461	3,528
Cash and cash equivalents (refer note 2.08)	4,858	232
Other bank balances (refer note 2.09)	1,677	764
Other assets (refer note 2.05)	1,124	1,130
Total	**13,120**	**17,348**

2.32 (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Maturities of financial assets and liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all current financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

(All amounts in ₹ lakhs unless other wise stated)

2.32 Financial risk management (cont'd)

2.32 (b) Liquidity risk (cont'd)

As at 31 March 2021	Carrying amount	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables (refer note 2.14)	98	98	-	-	-	98
Other financial liabilities (refer note 2.15)	278	278	-	-	-	278
Total	**376**	**376**	**-**	**-**	**-**	**376**

As at 31 March 2020	Carrying amount	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables (refer note 2.14)	124	124	-	-	-	124
Other financial liabilities (refer note 2.15)	272	272	-	-	-	272
Total	**396**	**396**	**-**	**-**	**-**	**396**

2.32 (c) Market risk

Market risk is the risk of potential adverse change in the Company's income and the value of Company net worth arising from movement in foreign exchange rates, interest rates or other market prices. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company operates locally in INR and but is exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange payables.

Price risk

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. The Company holds investments in mutual funds and nominal number of equity shares of the Holding Company. To manage the price risk arising from investments in mutual funds, the Company diversifies its portfolio of assets.

(All amounts in ₹ lakhs unless other wise stated)

2.32 Financial risk management (cont'd)

2.32 (c) Market risk (cont'd)

Price risk exposure

Particulars	As at 31 March 2021	As at 31 March 2020
Investments in equity instruments carried at FVTOCI (refer note 2.03)	3	3
	3	**3**

Sensitivity analysis:

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Amount	Percentage	Amount	Percentage
Price increase by (50 basis points) - FVTOCI	2	-	2	-
Price decrease by (50 basis points) - FVTOCI	(2)	-	(2)	-

(This space has been intentionally left blank)

(All amounts in ₹ lakhs unless other wise stated)

2.33 Value of stores and spares consumed

	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Percentage	Value	Percentage	Value
Stores and spares				
- Imported	0%	0	23%	25
- Indigenous	100%	209	77%	82
	100%	**209**	**100%**	**107**

* The value of stores and spare parts consumed has been arrived at on the basis of opening stock plus purchases less closing stock. Consumption therefore includes adjustment for shortage/ excess, etc.

	Year ended 31 March 2021	Year ended 31 March 2019
2.34 Value of imports on CIF basis		
Stores and spares	1	21
Capital goods	210	19
	211	**40**

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(All amounts in ₹ lakhs unless other wise stated)

2.35 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder.

The capital structure of the Company consists of equity, comprising share capital and retained earnings.

The Company's management reviews the capital structure regularly. The Company balances its overall capital structure through issue of new share issues. The Company's overall strategy remains unchanged from the prior financial year. The Company is not subject to externally imposed capital requirements

2.36 Comparatives

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

This is the summary of accounting policies and other explanatory information.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration No: 001076N/N500013

Aasheesh Arjun Singh Digitally signed by Aasheesh Arjun Singh Date: 2021.04.29 21:33:53 +05'30'

Aasheesh Arjun Singh
Partner
Membership No: 210122
Bengaluru
29 April 2021

For and on behalf of the Board of Directors of JSW Industrial Gases Private Limited

NIRMAL KUMAR JAIN Digitally signed by NIRMAL KUMAR JAIN DN: c=IN, o=Personal, 2.5.4.20=dfc2de456e18122bd590ee0865264e64cded6c1abd3c8b5a7518971155ed03dc, postalCode=400057, st=MAHARASHTRA, serialNumber=30ceefff2e24d597e40d8a9529d0f1067 0cf4a387e93dc570bf4af8026f8dcd2, cn=NIRMAL KUMAR JAIN Date: 2021.04.29 08:03:27 -07'00'

HARISH KOTTARATH NAIR Digitally signed by HARISH KOTTARATH NAIR Date: 2021.04.29 18:18:09 +05'30'

Nirmal Kumar Jain
Director
DIN : 00019442
Mumbai
29 April 2021

Harish Kottarath Nair
Director
DIN : 07592523
Toranagallu
29 April 2021

Aninda Ghosh Digitally signed by Aninda Ghosh Date: 2021.04.29 18:22:41 +05'30'

ANIL KUMAR DONAKONDA Digitally signed by ANIL KUMAR DONAKONDA Date: 2021.04.29 19:48:06 +05'30'

Aninda Ghosh
Chief Financial Officer
Membership No: 055361
Toranagallu
29 April 2021

Anil Kumar Donakonda
Company Secretary
M. No : A46095
Toranagallu
29 April 2021