



**LAKHOTIA & CO.**  
**Chartered Accountants**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Network Industries Limited**

**Report on the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **Network Industries Limited** (*"the Company"*) which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 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.

**Key Audit Matters**

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

**Other Information**

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

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.





## **LAKHOTIA & CO.** *Chartered Accountants*

### **Responsibilities of Management and those charged with governance for the Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 implementation and maintenance of 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Ind AS Financial Statement**

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

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

- Identify and assess the risks of material misstatement of the Ind AS 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS 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





## LAKHOTIA & CO. Chartered Accountants

events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements /financial information for the period 1<sup>st</sup> April, 2019 to 4<sup>th</sup> July, 2019, which were audited by another auditor appointed under the Corporate Insolvency Resolution Process by the Insolvency Resolution Professional whose financial statements has been submitted to us by the management and as such financial statements/financial information reflect total assets of Rs. 9274.32 lakhs as at 4<sup>th</sup> July, 2019, and Nil revenue for the period from 1<sup>st</sup> April, 2019 to 4<sup>th</sup> July, 2019, and net loss of Rs. 11.99 lakhs for the period from 1<sup>st</sup> April, 2019 to 4<sup>th</sup> July, 2019 as considered in the financial statements audited by other auditors. Our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect the above period and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid period, is based solely on the financial statements audited by other auditors.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the financial statements and other financial information as certified by the management

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.





**LAKHOTIA & CO.**  
**Chartered Accountants**

- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial positions.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 10<sup>th</sup> June, 2021  
UDIN:-21051249AAAADJ8930





## LAKHOTIA & CO. Chartered Accountants

### “Annexure A” to Independent Auditors’ Report

Statement referred to in our Independent Auditors report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2021.

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification except for Office on 5<sup>th</sup> Floor , Anuj Chambers , Wing – B, Plot No. 24, Park Street, Kolkata for which verification could not be done as the same was locked and possession was yet to be obtained, 27.89 acres of land at Bauria Mill, Bauria Cotton Mills Road, P.O. Bauria, District Howrah, West Bengal which is encroached and Tobin Road Plot bearing no. 1154, 1155 & 1156 situated at 81, A.K.Mukherjee Marg Road, Kolkata as the same is yet to be handed over to the Company.
  - (c) According to information and explanations given by the management the title deeds of immovable properties are held in the name of the Company except for:-
    - i) Tobin Road Plot bearing no. 1154, 1155 & 1156 situated at 81, A.K.Mukherjee Marg Road, Kolkata not handed over to the Company and Title Deeds whereof are not available recognized at Nil value in the books of account.
    - ii) Office on 5th Floor , Anuj Chambers , Wing – B, Plot No. 24, Park Street, Kolkata valued at Rs. 331.34 lakhs, original Title Deeds of which are not available.
- ii. The Company does not have any inventory and as such clause 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Act and as such clauses 3(iii)(a),3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- iv. The company has not given any loans or guarantees or provided any security or made any investments and as such clause 3(iv) of the order is not applicable to the Company.
- v. The Company has not accepted 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.
- vi. The Central Government has not prescribed for the maintenance of cost records under Section 148(1) of the Act.
- vii.
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues, as applicable, with the appropriate authorities.
  - (b) As at 31<sup>st</sup> March, 2021, according to the records of the Company and the information and explanations given to us, there were no dues of income tax, goods and service tax and duty of customs that have not been deposited on account of any dispute.
- viii. There are no loans or borrowing from any financial institution, bank, Government or dues to debenture holders and as such clause 3(viii) of the Order is not applicable to the Company.





**LAKHOTIA & CO.**  
**Chartered Accountants**

- ix. According to information and explanations given to us by the management, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and any term loans during the year and as such clause 3(ix) of the Order is not applicable to the Company.
- x. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company by the officers or employees of the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. The company has not paid or provided any managerial remuneration during the year and as such clause 3(xi) of the Order is not applicable to the Company.
- xii. The company is not a Nidhi company and as such clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us by the management, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review
- xv. According to the information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. The company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

*Naresh Lakhotia*  
**Naresh Lakhotia**  
Partner  
Membership No. 051249  
Kolkata  
Dated: 10<sup>th</sup> June, 2021





## LAKHOTIA & CO. Chartered Accountants

### "ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE IND AS FINANCIAL STATEMENTS OF NETWORK INDUSTRIES LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Network Industries Limited** ("the Company") as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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





**LAKHOTIA & CO.**  
**Chartered Accountants**


**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

For **Lakhotia & Co.**  
Chartered Accountants  
Firm Registration No. 313149E

  
**Naresh Lakhotia**,  
Partner  
Membership No. 051249  
Kolkata  
Dated: 10<sup>th</sup> June, 2021





**Network Industries Limited**  
**Balance Sheet as at 31st March 2021**

(All amounts in Rs. lakhs)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2(a)	3,907.99	3,748.85
Intangible assets	2(b)	5.21	5.21
<b>Financial assets</b>			
(i) Loans	3	2.63	1.17
Other non-current assets	4	35.83	-
<b>Total non-current assets</b>		<b>3,951.66</b>	<b>3,755.23</b>
<b>Current assets</b>			
Financial assets			
(i) Cash and cash equivalents	5 (a)	102.95	-
(ii) Other Financial Assets	5 (b)	0.90	-
<b>Total current assets</b>		<b>103.85</b>	<b>-</b>
<b>Total assets</b>		<b>4,055.51</b>	<b>3,755.23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	6	1,080.00	1,080.00
Other equity	7	52.81	54.20
<b>Total equity</b>		<b>1,132.81</b>	<b>1,134.20</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(i) Other financial liabilities	8	90.00	-
<b>Total non-current liabilities</b>		<b>90.00</b>	<b>-</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	9(a)	2,619.00	2,619.00
(ii) Other financial liabilities	9(b)	212.91	1.44
Other current liabilities	10	0.79	0.59
<b>Total current liabilities</b>		<b>2,832.70</b>	<b>2,621.03</b>
<b>Total liabilities</b>		<b>2,922.70</b>	<b>2,621.03</b>
<b>Total equity and liabilities</b>		<b>4,055.51</b>	<b>3,755.23</b>
Corporate Information			
Significant Accounting Policies	1		

The accompanying notes are an integral part of this Financial Statements.  
This is the Balance Sheet referred to in our report of even date.

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Lakhota*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 10-06-2021



  
Director

  
Director

  
Director

  
CFO

  
Company Secretary

**Network Industries Limited**  
**Statement of profit & loss for the year ended 31st March 2021**

(All amounts in Rs. lakhs)

Particulars	Notes	Year ended 31st March 2021	Year ended 31st March 2020
<b>INCOME</b>			
Other Income	11	35.21	-
<b>Total Income</b>		<b>35.21</b>	<b>-</b>
<b>EXPENSES</b>			
Employee benefits expense	12	1.20	0.20
Depreciation and amortization expense	13	8.50	6.13
Other expenses	14	26.90	12.66
<b>Total Expenses</b>		<b>36.60</b>	<b>18.99</b>
<b>Profit before tax</b>		<b>(1.39)</b>	<b>(18.99)</b>
Income tax expense		-	-
Current tax		-	-
Deferred tax		-	-
<b>Total Tax expenses</b>		<b>0.00</b>	<b>0.00</b>
<b>Profit / (Loss) for the year</b>		<b>(1.39)</b>	<b>(18.99)</b>
Earnings per equity share [ Nominal Value per Share Rs.10] (Previous Year - Rs.10)			
Basic and Diluted	15	( 0.01)	( 0.19)
Corporate Information Significant Accounting Policies	1		

The accompanying notes are an integral part of this Financial Statements.  
This is the Balance Sheet referred to in our report of even date.

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh Lakhota*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 10-06-2021



*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
CFO

*[Signature]*  
Company Secretary

**A. Equity share capital**

	Amount
As at 1 April 2019	1,034.46
Issued during the year	1,080.00
Cancelled during the year (Refer note 21)	(1,034.46)
<b>As at 31 March 2020</b>	<b>1,080.00</b>
Issued during the year	-
Cancelled during the year	-
<b>As at 31 March 2021</b>	<b>1,080.00</b>

**B. Other equity**

	Capital reserve	Securities premium	Retained earnings	Total other equity
<b>Balance as at 1 April 2019</b>	-	6,157.83	(18,991.81)	(12,833.98)
Profit/(Loss) for the year	-	-	(18.99)	(18.99)
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income</b>	-	6,157.83	(19,010.80)	(12,852.97)
Adjustment during the year (Refer note 21)	61.19	(6,157.83)	19,003.81	12,907.17
<b>Balance as at 31 March 2020</b>	<b>61.19</b>	-	<b>(6.99)</b>	<b>54.20</b>
Profit/(Loss) for the year	-	-	(1.39)	(1.39)
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income</b>	61.19	-	(8.38)	52.81
Adjustment during the year	-	-	-	-
<b>As at 31 March 2021</b>	<b>61.19</b>	-	<b>(8.38)</b>	<b>52.81</b>

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 10-06-2021



*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
CFO

*[Signature]*  
Company Secretary

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
<b>(A) Cash flows from operating activities:</b>		
Profit before tax	(1.39)	(18.99)
Adjustments for:		
Depreciation and amortisation expense	8.50	6.13
Interest income classified as investing cash flows	(0.04)	-
<b>Operating profit before changes in operating assets and liabilities</b>	<b>7.07</b>	<b>(12.86)</b>
Adjustments for:		
(Increase) / Decrease in Other Non-Current Financial Assets	(1.46)	-
(Increase) / Decrease in Other Current Financial Assets	(0.90)	-
(Increase) / Decrease in Other Non-Current assets	(35.83)	-
(Decrease) / Increase in Other Current Financial liabilities	211.47	-
(Decrease) / Increase in Other Non-Current Financial liabilities	90.00	-
(Decrease) / Increase in Other Current liabilities	0.20	-
(Decrease) / Increase in Non-current/ current financial and other liabilities/provisions	-	(3,686.14)
<b>Cash generated from operations</b>	<b>270.55</b>	<b>(3,699.00)</b>
Income taxes paid (net)	-	-
<b>Net cash inflow / (outflow) from operating activities</b>	<b>270.55</b>	<b>(3,699.00)</b>
<b>(B) Cash flows from investing activities:</b>		
Payments for acquisition of property, plant and equipment/ intangible assets	(167.64)	-
Interest received	0.04	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(167.60)</b>	<b>-</b>
<b>(C) Cash flows from financing activities:</b>		
Proceeds from issue of equity shares	-	1,080.00
Proceeds from loan received from parent company	-	2,619.00
<b>Net cash inflow / (outflow) from financing activities</b>	<b>-</b>	<b>3,699.00</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>102.95</b>	<b>-</b>
Cash and cash equivalents- Opening Balance	-	5.00
Adjustments in cash and cash equivalents (refer note 21)	-	(5.00)
<b>Cash and cash equivalents - Closing Balance</b>	<b>102.95</b>	<b>-</b>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of this financial statements.  
This is the Statement of Cash Flow referred to in our report of even date.

For Lakhota & Co.  
Firm Registration No. 313149E  
Chartered Accountants

*Naresh Lakhota*  
Naresh Lakhota  
Partner  
Membership No. 51249  
Place : Kolkata  
Date : 10-06-2021



*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
CFO

*[Signature]* Company Secretary

**Network Industries Limited**  
**Notes to the financial statements**

**Note: 1 Corporate Information**

Network Industries Limited is a public company within the meaning of Companies Act, 2013. The Company is a wholly owned subsidiary of Gloster Limited.

**Note: 2 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation**

**(i) Compliance with Ind AS**

These standalone financial statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016] and other relevant provisions of the Act.

**ii) Classification of current and non-current**

All asset and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Ind AS 1 - Presentation of Financial Statements and Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

**(iii) Historical cost convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

- certain financial assets and liabilities those are measured at fair value
- defined benefit plans - plan assets measured at fair value

**2.2 Use of estimates**

The preparation of financial statements in conformity with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

**2.3 Property, Plant and equipment and Depreciation**

a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



## **Network Industries Limited**

### **Notes to the financial statements**

- b) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.
- c) Depreciation is provided on Straight line method over the estimated useful lives of the assets. Pursuant to Notification of Schedule II of the Companies Act, 2013 becoming effective, the Company has adopted the useful lives as per the lives specified for the respective fixed assets in the Schedule II of the Companies Act, 2013. No depreciation is provided on Freehold Land.
- d) Gains and losses on disposal of Property, plant and equipment is recognized in the statement of profit and loss.
- e) An impairment loss is recognized where applicable when the carrying amount of property, plant and equipment exceeds its recoverable amount.

#### **2.4 Intangible assets and amortization**

- a) Intangible assets are stated at cost of acquisition including duties, taxes and expenses incidental to acquisition and installation, net of accumulated depreciation. Recognition of costs as an asset is ceased when the asset is complete and available for its intended use.
- b) Intangible assets are amortized on straight line method as per the management estimated useful life.
- c) Gains and Losses on disposal of Intangible assets are recognized in the Statement of Profit and Loss.

#### **2.5 Impairment of assets**

Assessment is done at each balance sheet date as to whether there is any indication that an asset (property, plant and equipment) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to their coverable amount.

Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased /increased. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value 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 in the statement of profit and loss immediately.

#### **2.6 Financial assets**

The financial assets are classified in the following categories:

- a) financial assets measured at amortised cost,



## **Network Industries Limited**

### **Notes to the financial statements**

b) financial assets measured at fair value through profit and loss (FVTPL), and

c) financial assets measured at fair value through other comprehensive income (FVOCI).

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

At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Profit or Loss. Financial assets are not reclassified subsequent to their recognition except if and in the period the Company changes its business model for arranging financial assets.

#### **Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the Statement of Profit or Loss.

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment, if any.

#### **Financial instruments measured at FVTPL**

Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

Investments in units of mutual funds, alternate investment funds (AIF's) other than equity and debentures are accounted for at fair value and the changes in fair value are recognised in the statement of Profit and Loss.

#### **Financial assets at FVOCI**

Financial assets are measured at FVOCI if these financial assets are 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Equity instruments**

The Company measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, and accordingly there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

#### **De-recognition of financial asset**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition under Ind AS 109 : Financial Instruments.

#### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



**Network Industries Limited**  
**Notes to the financial statements**

Only for Trade receivables, the simplified approach of lifetime expected credit losses is recognised from initial recognition of the receivables as required by Ind AS 109: Financial Instruments.

Impairment loss allowance recognised /reversed during the year is charged/written back to Statement of Profit and Loss.

**2.7 Financial Liabilities**

Financial liabilities are measured at amortised cost using the effective interest method. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

For Trade and Other Payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments. A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

**2.8 Subsidy / Government Grant**

Subsidy/ Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in other liabilities as deferred income and are credited to statement of profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

**2.9 Inventories**

Raw materials, Stores and Spares parts and components are valued at cost (cost being determined on weighted average basis) or at net realizable value whichever is lower.

Semi-finished goods and stock-in-process are valued at raw materials cost plus labour and overheads apportioned on an estimated basis depending upon the stages of completion or at net realizable value whichever is lower. Finished goods are valued at cost or at net realizable value whichever is lower.





**Network Industries Limited**  
**Notes to the financial statements**

Cost includes all direct cost and applicable manufacturing and administrative overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

**2.10 Employee Benefit**

**a) Defined Contribution Plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution benefit scheme.

**b) Defined Benefit Plans**

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

**c) Compensated absences**

Accrued liability in respect of leave encashment benefit on retirement is accounted for on the basis of actuarial valuation as at the year end and charged in the Statement of Profit and Loss every year.

Compensated absences benefits comprising of entitlement to accumulation of Sick Leave is provided for based on actuarial valuation at the end of the year.

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss.

Accumulated Compensated Absences and Gratuity liability, which are expected to be availed or encashed or contributed within the 12 months from the end of the year are treated as short term employee benefits and the balance expected to availed or encashed or contributed beyond 12 months from the year end are treated as long term liability.

**d) Other short term employee benefits**

Short Term Employee Benefits are recognized as an expense as per the Company's schemes based on expected obligation on an undiscounted basis.

**2.11 Revenue Recognition**

Revenue from contracts with customers are recognised when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognised depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods and services.

Revenue from sale of products is recognised when the control over such goods have been transferred, being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the



**Network Industries Limited**  
**Notes to the financial statements**

customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales are recognized based on the price specified in the contract, which is fixed. No element of significant financing is deemed present as the sales are made against the receipt of advance or with an agreed credit period (in a very few cases) of upto 90 days, which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

**Other Income**

Interest Income is recognized on a time proportion basis taking in to account the amount outstanding and the effective interest rate applicable.

Dividend income is recognized when the right to receive dividend is established.

Export incentives are accounted as income in the Statement of Profit and Loss when no significant uncertainty exists regarding the collectability.

Insurance claims are accounted to the extent the Company is reasonably certain of their ultimate collection.

**2.12 Foreign Currency Transaction**

**(i) Initial Recognition**

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction.

**(ii) Subsequent Recognition**

At the reporting date, foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of transactions.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period at the closing exchange rate.

Gains/losses arising out of fluctuations in the exchange rates are recognised in the Statement of Profit and Loss in the period in which they arise.

**2.13 Derivative Instruments**

The Company uses derivative financial instruments such as foreign exchange contracts to hedge its exposure to movements in foreign exchange rates relating to the underlying transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value and resulting gain or loss is recognized in the statement of profit and loss at the end of each reporting period. Any profit or loss arising on cancellation of derivative instruments is recognized as income or expense for the period.

**2.14 Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.



**Network Industries Limited**  
**Notes to the financial statements**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

**2.15 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

**2.16 Provisions:**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value, except where the effect of the time value of money is material.

**2.17 Contingent Liabilities:**

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

**2.18 Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.



**Network Industries Limited**  
**Notes to the financial statements**

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

**2.19 Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, and balance with bank in current account.

**2.20 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

**2.21 Offsetting Financial Instruments**

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

**2.22 Segment reporting**

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

The Board of directors of the Company has been identified as being the chief operating decision maker.

**2.23 Leases**

**As a lessee**

Leases are recognised as right of use assets and a corresponding liability at the date at which the leased asset is available for use by the company. Contract may contain both lease and non lease components. The Company allocates the consideration in the contract to the lease and non lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:-

- a) Fixed payments (including in substance fixed payments) less any lease incentive receivable.
- b) Variable lease payment that are based on an index or a rate, initially measured using the index or a rate at the commencement date.
- c) Amount expected to be paid by the Company as under residual value guarantees.
- d) Exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- e) Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

To determine the incremental borrowing rate, the Company:

- a) Where possible, use recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third party financing was received





## **Network Industries Limited**

### **Notes to the financial statements**

b) use a built up approach that starts with risk free interest rate adjusted for credit risk of leases held by the Company, which does not have recent third party financing.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:-

- i) the amount of the initial measurement of lease liability
- ii) any lease payment made at or before the commencement date less any lease incentive received
- iii) any initial direct cost and
- iv) restoration costs.

Right of use of assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payment associated with short-term leases of equipment and all the leases of low value assets are recognised on a straight line basis as expenses in the statement of profit and loss. Short term leases are leases with a lease term of less than 12 months or less.

#### **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. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### **2.24 Functional and Presentation Currency**

The financial statements have been presented in Indian Rupees, which is also the Company's functional currency. All financial information presented in Indian Rupees has been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

#### **2A Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

- (i) Estimation of defined benefit obligation
- (ii) Estimated fair value of unlisted securities
- (iii) Recognition of deferred tax assets for carried forward tax losses
- (iv) Useful life of property, plant and equipments and intangible assets
- (v) Extension and Termination Option in Leases

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.



## **2B. New Standards / Amendments to Existing Standards / Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021

On March 24, 2021, the MCA through 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:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- 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.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Current maturities of Long-term borrowings shall be disclosed separately under the heading Short Term Borrowing.
- Security Deposits to be shown under the head of Other Non-Current Assets instead of Long-term Loan & Advances.
- 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.
- Ratios - Following Ratios to be disclosed: -  
(a) Current Ratio (b) Debt-Equity Ratio (c) Debt Service Coverage Ratio (d) Return on Equity Ratio (e) Inventory turnover ratio (f) Trade Receivables turnover ratio (g) Trade payables turnover ratio (h) Net capital turnover ratio (i) Net profit ratio (j) Return on Capital employed (k) Return on investment.

### **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.



Network Industries Limited  
Notes to the financial statements

(All amounts in Rs. lakhs)

Note: 2(a) Property, plant and equipment

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31st March 2020	Additions	Adjustments	As at 31st March 2020	For the year	Adjustments	As at 31st March 2021	As at 31st March 2020
Freehold land	3,296.93	97.01	-	-	-	-	3,393.94	3,296.93
Buildings	458.05	70.63	-	6.13	8.50	-	514.05	451.92
	3,754.98	167.64	-	6.13	8.50	-	3,907.99	3,748.85

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31st March 2019	Additions	Adjustments (Refer note 21)	As at 31st March 2019	For the year	Adjustments (Refer note 21)	As at 31st March 2020	As at 31st March 2019
Freehold land	4.90	-	3,392.03	-	-	-	3,396.93	4.90
Buildings	98.49	-	359.56	4.91	6.13	4.91	93.57	93.57
Plant and equipment	350.37	-	(350.37)	48.74	-	48.74	451.92	301.63
Weighting machine	0.65	-	(0.65)	0.09	-	0.09	-	0.56
Computer	1.71	-	(1.71)	0.68	-	0.68	-	1.02
Furniture & fixtures	5.34	-	(5.34)	0.97	-	0.97	-	4.38
Electric fittings	8.96	-	(8.96)	1.25	-	1.25	-	7.72
Office equipment	13.48	-	(13.48)	1.87	-	1.87	-	11.60
Vehicles	19.01	-	(19.01)	4.92	-	4.92	-	14.09
	502.91	-	3,252.07	63.43	6.13	63.43	3,748.85	439.47

Note: 2(b) Intangible assets

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31st March 2020	Additions	Adjustments	As at 31st March 2020	For the year	Adjustments	As at 31st March 2021	As at 31st March 2020
Trademark	5.21	-	-	-	-	-	5.21	5.21
	5.21	-	-	-	-	-	5.21	5.21

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31st March 2019	Additions	Adjustments (Refer note 21)	As at 31st March 2019	For the year	Adjustments (Refer note 21)	As at 31st March 2020	As at 31st March 2019
Trademark	5.79	-	(0.58)	0.58	-	(0.58)	5.21	5.21
	5.79	-	(0.58)	0.58	-	(0.58)	5.21	5.21

Note: as per management the carrying value of trademark is its residual value hence no amortisation has been provided.





(All amounts in Rs. lakhs)

**Note: 3 Loans (Non-current)**

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured, considered good (unless otherwise stated)</b>		
Security Deposits	2.63	1.17
<b>Total</b>	<b>2.63</b>	<b>1.17</b>

**Note: 4 Other non-current assets**

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured, considered good (unless otherwise stated)</b>		
Balance with Government Authorities	1.56	-
Lease Rental Accrued but not due	34.27	-
<b>Total</b>	<b>35.83</b>	<b>-</b>



Note: 5(a) Cash and cash equivalents

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Cash and cash equivalents</b>		
Cash on hand	0.12	-
Balances with banks :		
In current accounts	102.83	-
<b>Total</b>	<b>102.95</b>	<b>-</b>

Note: 5(b) Other Financial Asstes

Particulars	As at 31st March 2021	As at 31st March 2020
Lease Rent Receivable	0.90	-
<b>Total</b>	<b>0.90</b>	<b>-</b>

Note: 6 Equity share capital

( a ) Authorised share capital

Particulars	Equity shares	
	Number of shares	Amount
As at 1 April 2019	12,000,000	1,200.00
Changes during the year	-	-
<b>As at 31 March 2020</b>	<b>12,000,000</b>	<b>1,200.00</b>
Changes during the year	-	-
<b>As at 31 March 2021</b>	<b>12,000,000</b>	<b>1,200.00</b>

(i) General terms and conditions

The Company has one class of shares referred to as Equity Shares having a par value of Rs. 10/-.

(b) Issued, subscribed and fully paid-up shares

Particulars	Equity shares	
	Number of shares	Amount
As at 1 April 2019	10,344,620	1,034.46
Issued during the year	10,800,000	1,080.00
Cancelled during the year (Refer note 21)	10,344,620	1,034.46
<b>As at 31 March 2020</b>	<b>10,800,000</b>	<b>1,080.00</b>
Changes during the year	-	-
<b>As at 31 March 2021</b>	<b>10,800,000</b>	<b>1,080.00</b>

(c) Details of the shareholders holding company and by subsidiary / associate of the holding company

Name of the shareholders	As at 31st March 2021	As at 31st March 2020
Gloster Limited ( Holding Company)	% 100	% 100

(d) Details of the shareholders holding more than 5% of of the Company

Name of the shareholders	As at 31st March 2021	As at 31st March 2020
Gloster Limited ( Holding Company)	% 100	% 100



(All amounts in Rs. lakhs)

**Note: 7 Other Equity**

	As at 31 March 2021	As at 31 March 2020
Capital reserve	61.19	61.19
Securities premium	-	-
Retained earnings	(8.38)	(6.99)
	<b>52.81</b>	<b>54.20</b>

<b>Capital reserve</b>	
	Amount
Balance as at 1 April 2019	-
Adjustment during the year (Refer note 21)	61.19
<b>Balance as at 31 March 2020</b>	<b>61.19</b>
Adjustment during the year	-
<b>Closing balance as at 31 March 2021</b>	<b>61.19</b>

<b>Securities premium</b>	
	Amount
Balance as at 1 April 2019	6,157.83
Adjustment during the year (Refer note 21)	(6,157.83)
<b>Balance as at 31 March 2020</b>	<b>-</b>
Adjustment during the year	-
<b>Closing balance as at 31 March 2021</b>	<b>-</b>

<b>Retained earnings</b>	
	Amount
Balance as at 1 April 2019	(18,991.81)
Loss for the year	(18.99)
Adjustment during the year (Refer note 21)	19,003.81
Other comprehensive income, net of tax	-
<b>Balance as at 31 March 2020</b>	<b>(6.99)</b>
Loss for the year	(1.39)
Other comprehensive income, net of tax	-
Adjustment during the year	-
<b>Closing balance as at 31 March 2021</b>	<b>(8.38)</b>

**Nature and purpose of reserves**

**(i) Capital reserve**

Capital reserve represents the amount recognised on reduction of equity share capital and other adjustments in terms of the order of Hon'ble NCLT passed on 4 July 2019 approving the resolution plan under Insolvency and Bankruptcy Code 2016 as stated in Refer Note -21

**(ii) Securities premium**

Securities Premium represents the amount received in excess of par value of securities and available for utilisation as specified under Section 52 of Companies Act, 2013. Accumulated balance of securities premium as at 4 July 2019 has been transferred to capital reserve in terms of the Hon'ble NCLT passed on 4 July 2019 approving the resolution plan under Insolvency and Bankruptcy Code 2016 as stated in Refer Note -21

**(iii) Retained earnings**

This represents the accumulated losses of the company. Accumulated balance of retained earnings as at 4th July 2019 has been transferred to capital reserve in terms of the Hon'ble NCLT passed on 4 July 2019 approving the resolution plan under Insolvency and Bankruptcy Code 2016 as stated in Refer Note -21



**Note: 8 Other Financial Liabilities (Non-current)**

Particulars	As at 31st March 2021	As at 31st March 2020
Security Deposit	90.00	-
<b>Total</b>	<b>90.00</b>	<b>-</b>

**Note: 9(a) Borrowings (Current)**

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured :</b>		
Loans from parent company	2,619.00	2,619.00
<b>Total</b>	<b>2,619.00</b>	<b>2,619.00</b>

Unsecured Loan of Rs 2619 lakhs received from parent company on 19 July 2020 pursuant to approved resolution plan.

**Note: 9(b) Other financial liabilities - Current**

Particulars	As at 31st March 2021	As at 31st March 2020
Loans from parent company	-	-
Payable to parent company	212.91	1.20
Other payables	-	0.24
<b>Total</b>	<b>212.91</b>	<b>1.44</b>

**Note: 10 Other current liabilities**

Particulars	As at 31st March 2021	As at 31st March 2020
Other Charges payable	0.75	0.59
Statutory dues	0.04	-
<b>Total</b>	<b>0.79</b>	<b>0.59</b>

**Note: 11 Other income**

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest income on deposits from bank	0.04	-
Lease Rental income	35.17	-
<b>Total</b>	<b>35.21</b>	<b>-</b>



Note: 12 Employee benefits expense

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Salaries, Wages & Bonus Workmen and Staff Welfare expenses	1.20	0.20
<b>Total</b>	<b>1.20</b>	<b>0.20</b>

Note: 13 Depreciation and amortization expense

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Depreciation of property, plant and equipment	8.50	6.13
<b>Total</b>	<b>8.50</b>	<b>6.13</b>

Note: 14 Other expenses

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Rates & Taxes	10.92	-
Repairs & Maintenance	3.25	-
Electricity	1.09	0.03
Auditor Remuneration as Audit fee	0.35	0.35
as Other services	0.25	0.24
Conveyance	0.24	0.60
Security Charge	-	4.80
IRP fee	-	6.02
Professional charge	10.22	0.58
Miscellaneous expenses	0.58	0.04
<b>Total</b>	<b>26.90</b>	<b>12.66</b>



Network Industries Limited  
Notes to the financial statements

(All amounts in Rs. lakhs)

Note 15: Earning per share

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Profit / (Loss) attributable to equity holders of the company used in calculating basic and diluted earnings per share <b>(in lakhs)</b>	(1.39)	(18.99)
(b) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share <b>(in numbers)</b>	10,800,000	10,240,422
(c) <b>Basic and diluted earnings per share (Rs.)</b>	(0.01)	(0.19)



(All amounts in Rs. lakhs)

**Note 16 Fair value measurements**

**(i) Financial instruments by category**

Particulars	As at 31 March 2021	As at 31 March 2020
	Amortised cost	Amortised cost
<b>Financial assets</b>		
Deposits	2.63	1.17
Other current financial assets	0.90	-
Cash and cash equivalents	102.95	-
<b>Total financial assets</b>	<b>106.48</b>	<b>1.17</b>
<b>Financial liabilities</b>		
Borrowings	2,619.00	2,619.00
Other non-current financial liabilities	90.00	-
Other current financial liabilities	212.91	1.20
Other payables	-	0.24
<b>Total financial liabilities</b>	<b>2,921.91</b>	<b>2,620.44</b>

**(ii) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows:

**Level 1 [Quoted prices in an active market]:**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price available. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2 [Fair values determined using valuation techniques with observable inputs]:**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3 [Fair values determined using valuation techniques with significant unobservable inputs]:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is generally the case for unlisted equity securities.

The Corporate Insolvency Resolution Process (CIRP) was initiated on September 26, 2018 under Insolvency and Bankruptcy Code 2016 (refer note 21) owing to which the requisite information for presenting fair value hierarchy is unascertainable till the completion of CIRP, i.e. 04 July 2019.

The carrying amounts as at 31 March 2021 for borrowings and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.



*(All amounts in Rs. lakhs)*

**Note 17 : Capital management**

**(a) Risk management**

The company's objectives when managing capital are to

- i. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders, and
- ii. benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

The amount mentioned under total equity in balance sheet is considered as Capital.

**(b) Dividends paid and proposed**

The company has not paid or proposed any dividends during the year ended 31 March 2021 or 31 March 2020.





**Network Industries Limited**  
**Notes to the financial statements**

*(All amounts in Rs. lakhs)*

**Note 18 :Financial risk management**

The Corporate Insolvency Resolution Process (CIRP) was initiated on September 26, 2018 under Insolvency and Bankruptcy Code 2016 (refer note 21) owing to which the requisite information for presenting financial risk management is unascertainable till the completion of CIRP, i.e. 04 July 2019. Post acquisition by Gloster Limited, financial risk management policy followed by the Company is presented below:

**(A) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is presently relying on the financial support from the parent company to its funding requirement. The ongoing turnaround measures being employed by the parent company will enable the Company to generate positive cash flows and will help to control the liquidity crisis.

**(i) Maturities of financial liabilities**

The tables below analyze the Company's financial liabilities as at 31 March 2021 into relevant maturity groupings based on their contractual maturities.

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 not significant.

**Contractual maturities of financial liabilities as at 31 Mar 2021**

<b>Particulars</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Loan from parent company	2,619.00	-	<b>2,619.00</b>
Other payable to parent company	212.91	-	<b>212.91</b>
Other financial Liabilities	-	90.00	<b>90.00</b>
	<b>2,831.91</b>	<b>90.00</b>	<b>2,921.91</b>

**Contractual maturities of financial liabilities as at 31 Mar 2020**

<b>Particulars</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
Loan from parent company	2,619.00	-	<b>2,619.00</b>
Other payable to parent company	1.20	-	<b>1.20</b>
Other liabilities	0.24	-	<b>0.24</b>
	<b>2,620.44</b>	-	<b>2,620.44</b>



**Network Industries Limited**  
**Notes to the financial statements**

(All amounts in Rs. lakhs)

**Note 19: Related party transactions**

The Corporate Insolvency Resolution Process (CIRP) was initiated on September 26, 2018 under Insolvency and Bankruptcy Code 2016 (refer note 21) owing to which the requisite information for disclosing related party transactions is unascertainable till the completion of CIRP, i.e. 04 July 2019. Below are the related party disclosures for the period post acquisition by the parent company.

**(a) Parent entity**

The company is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			As at 31 March 2021	As at 31 March 2020
Gloster Limited	Immediate and ultimate parent	India	100%	100%

**(b) Fellow subsidiary**

- Gloster Lifestyle Limited (100% subsidiary of Gloster Limited)
- Gloster Specialities Limited (100% subsidiary of Gloster Limited)
- Gloster Nuvo Limited (100% subsidiary of Gloster Limited)
- Fort Gloster Industries Limited (100% subsidiary of Gloster Limited)

**(c) Key Management Personnel (KMP)**

- Shri Ajay Agarwal (Whole Time Director)

**(d) Transaction with related parties**

Particulars	Year	Gloster Limited	Gloster Nuvo Limited
<b>A. Transactions during the year</b>			
Loan received	2020-21	-	5.00
	2019-20	2,619.00	-
Other payable	2020-21	211.71	-
	2019-20	1.20	-
Security deposit recd	2020-21	30.00	60.00
	2019-20	-	-
Loan received repaid	2020-21	-	5.00
	2019-20	-	-
Lease Rental	2020-21	0.90	-
	2019-20	-	-
<b>Outstanding balances at year end</b>			
Loan	2020-21	2,619.00	-
	2019-20	2,619.00	-
Other financial liabilities	2020-21	212.91	-
	2019-20	1.20	-
Security deposit recd	2020-21	30.00	60.00
	2019-20	-	-
Lease Rental	2020-21	0.90	-
	2019-20	-	-

**(e) Terms and conditions of the transactions**

All outstanding balances are unsecured and are repayable in cash.



**Network Industries Limited**  
**Notes to the financial statements**

*(All amounts in Rs. lakhs)*

**Note 20 : Income tax expense"**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

The Corporate Insolvency Resolution Process (CIRP) was initiated on September 26, 2018 under Insolvency and Bankruptcy Code 2016 (refer note 21) owing to which the requisite information for income tax expenses related disclosures is unascertainable till the completion of CIRP, i.e. 04 July 2019. Below are the disclosures for the period ended post acquisition by the parent company.

**(a) Income tax expense**

Particulars	31 March 2021	31 March 2020
<i>Current tax</i>		
Current tax on profits for the year	-	-
<b>Total current tax expense</b>	-	-
<i>Deferred tax</i>		
Decrease (increase) in deferred tax	-	-
<b>Total deferred tax expense/(benefit)</b>	-	-
<b>Income tax expense</b>	-	-

**(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

Particulars	31 March 2021	31 March 2020
Loss before tax	(1.39)	(18.99)
Tax at the indian tax rate of 25.17%	(0.35)	(5.28)
Impact of deferred tax assets not recognised	0.35	5.28
<b>Total income tax expense/(credit)</b>	-	-



**Network Industries Limited**  
**Notes to the financial statements**

*(All amounts in Rs. lakhs)*

**Note 21 : Corporate Insolvency Resolution Process**

Corporate Insolvency Resolution Process (CIRP) initiated on September 26, 2018 under Insolvency and Bankruptcy Code 2016 by Hon'ble National Company Law Tribunal (NCLT) has been completed and order to the effect approving the resolution plan (RP) submitted by Gloster Limited, one of the applicants was passed on July 4, 2019 by NCLT (NCLT Order). Consequential impact giving effect to RP approved as above are as follows:

a) The Board of the Network Industries Limited has been reconstituted on July 4, 2019 i.e. the effective date with nominees of Gloster Limited being inducted as members of the Board.

b) Gloster Limited has on July 19, 2019 deposited Rs. 3,699.00 lakhs in an escrow account ("Escrow Account"). The payment to the financial creditors, operational creditors, workmen dues and CIRP costs has been remitted from such escrow account as specified in the RP.

Outstandings in excess of the amount paid as per the terms of approved RP has been adjusted with capital reserve in compliance with the Order of Hon'ble NCLT.

c) On July 4, 2019, the existing 1,03,44,620 equity shares of Rs. 10 each have been cancelled in compliance with the Order of Hon'ble NCLT and has been adjusted with capital reserve.

d) On July 19, 2019, 1,08,00,000 fully paid equity shares of Rs. 10 each were allotted to Gloster Limited against the money deposited in Escrow Account, leaving the balance of Rs. 2,619.00 lakhs to be considered as non-interest bearing loan repayable on demand. The return of allotment in respect of Equity shares allotted is yet to be filed with the Registrar of Companies.

e) Consequent to above allotment and reduction of shares, equity share capital of the company stands at Rs. 1,080.00 lakhs divided into 1,08,00,000 equity shares of Rs.10 each.

f) Further, contingent liabilities, export obligations and other claims etc. against the company prior to the effective date stand extinguished.

g) The assets of the Company have been restated on July 4, 2019, as per their fair values in terms of the RP and in compliance with the Order of Hon'ble NCLT and as per the valuers report obtained by the Company.

Consequently, Land and Buildings situated at Bauria Mill, Bauria Cotton Mills Road, P.O. Bauria, District Howrah, West Bengal, the total land area being 64.12 Acres out of which 36.23 Acres is enclosed in the mill compound and is in possession of the Company. Balance area of 27.89 acres is unenclosed and encroached by labour quarters, ponds, police station etc. , the possession of which is very difficult and as such area enclosed in the mill compound of 36.23 Acres has only been considered for the purposes of fair valuation.

Further, the possession and title deeds of Tobin Road Plot bearing no. 1154, 1155 & 1156 situated at 81, A.K.Mukherjee Marg Road, Kolkata have not been handed over to the Company and as such the value thereof has not been recognised in the books of account.

The consequent impact of the above has been recognised in the capital reserve.

h) Books value of other assets not available has also been adjusted with capital reserve.

i) Office Premises at 5th Floor, Anuj Chambers, Wing - B, Plot No. 24, Park Street, Kolkata, valued at Rs. 331.34 lakhs was locked and the possession and original title deeds are not available with the company.

j) By virtue of the provisions in the RP the balance of existing securities premium and retained earnings as at July 04, 2019 has been adjusted with capital reserve.

k) The charges created in respect of borrowing have been released by lenders subsequent to approval of the RP and the company is in the process of filing the satisfaction of charges with the relevant authorities.



**Network Industries Limited**  
**Notes to the financial statements**

22 Previous year's figures have been re-grouped / re-arranged wherever necessary.

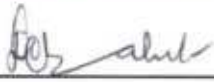
**For Lakhota & Co.**  
Firm Registration No. 313149E  
Chartered Accountants

*Lakhota*

**Naresh Lakhota**  
Partner  
Membership No. 51249

Place: Kolkata  
Date: 10-06-2021

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
CFO

  
\_\_\_\_\_  
Company Secretary

