KMML

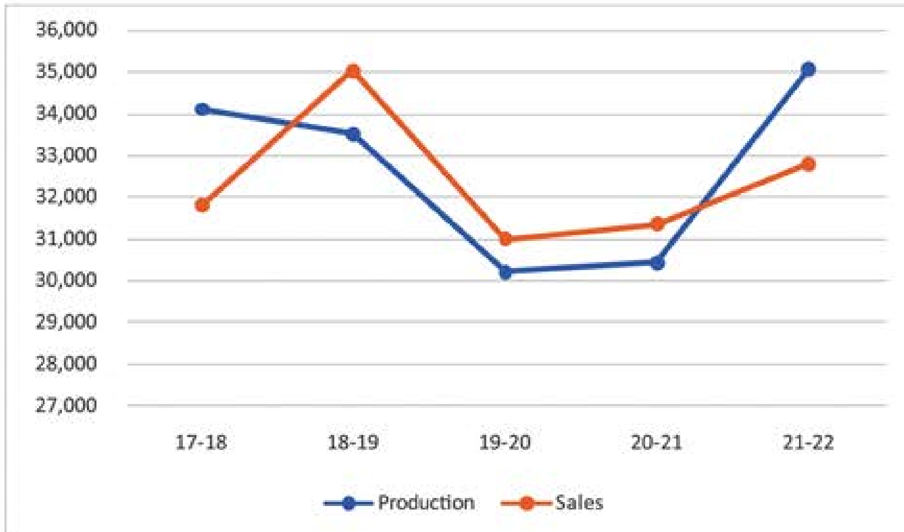
Spreading Splendour

50th ANNUAL REPORT 2021-22

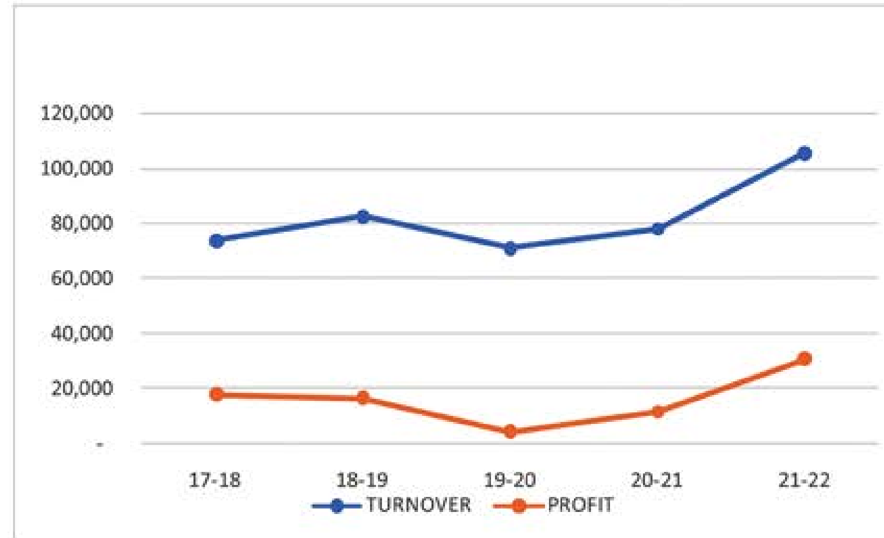
The Kerala Minerals and Metals Ltd.

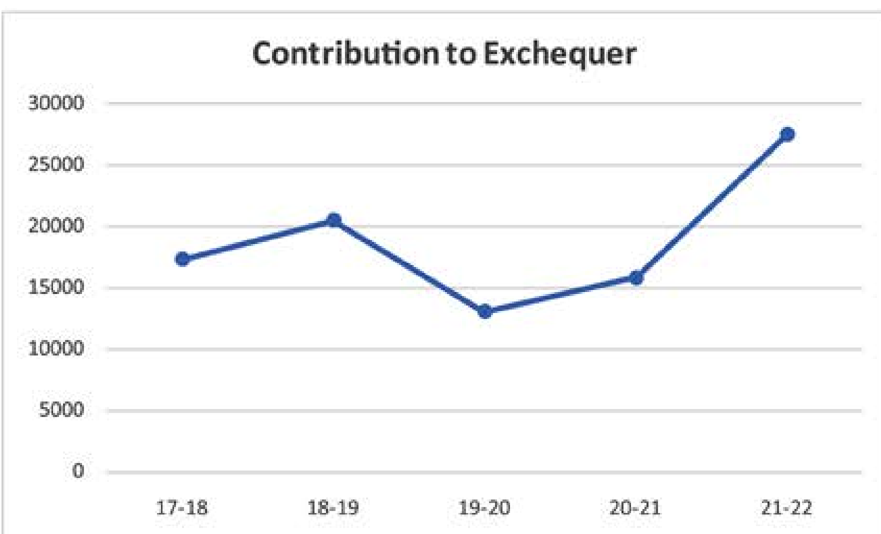
(A Govt. of Kerala Undertaking)

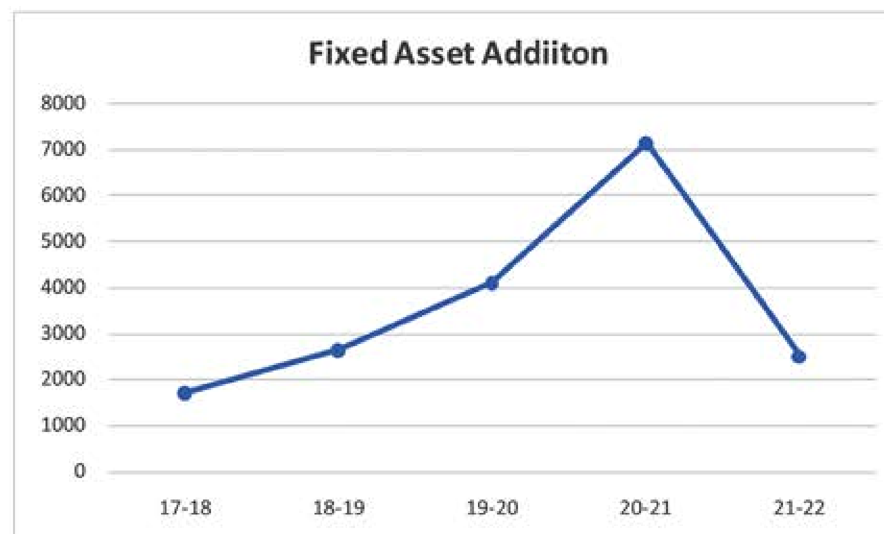
Production and Sales



Turnover / Profit







THE KERALA MINERALS AND METALS LIMITED

ANNUAL REPORT
2021-22

Printed at: St. Joseph’s Press, Thiruvananthapuram Ph: 0471-2322888

P. RAJEEVE
MINISTER FOR
LAW, INDUSTRIES & COIR
GOVERNMENT OF KERALA

THIRUVANANTHAPURAM

Date 13/05/2022

LETTER OF APPRECIATION

I would like to extend our sincere appreciation to you and your team for considerably improving the performance of M/s Kerala Minerals and Metals Ltd, in terms of profit during the year 2021-22, which is really a remarkable one compared to previous years. I wish you and your team to continue the efforts for better performances in the coming years. We look forward for great achievements and contributions to the state in coming years.

With warm regards

P. Rajeeve

The Managing Director
M/s Kerala Minerals and Metals Ltd.

Office : Secretariat North Sandwich Block, 3rd Floor, Room No. 301
Government Secretariat, Thiruvananthapuram-695 001.
Res. : "USHUS", Nanthancode, Thiruvananthapuram-695 003
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CONTENTS

THE KERALA MINERALS AND METALS LIMITED

LIST OF DIRECTORS

Sri. Suman Billa IAS	(DIN: 00368821)	-	Chairman
Sri. Chandrabose J	(DIN: 07690271)	-	Managing Director
Sri. M.G. Rajamanickam. IAS	(DIN: 06847977)	-	Director
Sri. Anoop S	(DIN: 03399884)	-	Director
Dr. L.V. Muralikrishna Reddy	(DIN: 03316871)	-	Director
Sri. Vijaya Kumar P.K. IRS (Rtd.)	(DIN: 07757158)	-	Director
Sri. M. Vinaya Kumar	(DIN: 08225553)	-	Director
Sri. Venugopala Kurup V	(DIN: 09734651)	-	Director

COMPANY SECRETARY

Jaison Thomas

AUDITORS

K. Venkatachalam Aiyer & Co.
Chartered Accountants
Kollam

BANKERS

State Bank of India, ICICI Bank,
Axis Bank, HDFC Bank,
Canara Bank, India Overseas Bank

REGISTERED OFFICE

Sankaramangalam, Chavara
Kollam District, Kerala
India, Pin-691583

CIN	: U14109KL1972SGC002399
GSTIN	: 32AAACT8118R1ZY
Email	: contact@kmml.com
Web	: www.kmml.com
Telephone	: 0476-2686722 (12lines)
Fax	: 0476-2680101, 0476-2686721

FACTORY

1. Mineral Seperation Unit, Kovilthottam, Chavara, Kollam
2. Titanium Dioxide Pigment Unit, Sankaramangalam, Chavara, Kollam
3. Titanium Sponge Plant, Sankaramangalam, Chavara, Kollam

TEN YEARS FINANCIAL HIGHLIGHTS

₹ in Lakhs

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Sales (including ED)	61092.60	72547.34	60091.20	53079.77	72704.13	74058.36	82970.98	71252.09	78357.57	105826.09
Net Sales	54763.36	65219.73	53801.11	47704.35	65391.71	72266.52	82970.98	71252.09	78357.57	105826.09
Other Income	1565.34	1093.02	934.27	429.36	1083.49	1998.38	2568.78	2412.18	2274.16	3412.78
Other Operating Income	0.00	12.78	37.51	17.32	0.00	0.00	0.00	0.00	0.00	0.00
Stock: Increase/Decrease	4568.98	(4499.04)	1561.78	7770.68	(8441.65)	3537.28	(154.17)	1565.60	(2365.74)	4526.28
Total Income	**60897.69**	**61826.49**	**56334.67**	**55921.71**	**58033.55**	**77802.18**	**85385.59**	**75229.87**	**78265.99**	**113765.15**
Material Consumed	9767.12	9443.75	9244.25	11743.28	10373.12	11283.03	16645.48	20658.53	18055.41	21440.04
Power	3459.67	3693.16	3749.14	3931.68	3528.39	4346.00	4484.22	4421.69	4688.69	5179.10
Fuel	14506.48	16559.27	14092.55	12105.73	12268.68	14855.49	16455.76	15693.39	13026.58	20467.78
Stores & Spares	5885.50	6127.24	5081.53	4664.42	4682.48	4878.47	5975.14	5207.75	4331.78	5756.31
Royalty	294.35	227.44	195.67	0.00	155.07	351.15	326.29	239.32	276.26	394.12
Repair & Maintenance	183.43	472.55	1358.94	1216.07	1154.76	1371.86	1700.21	1769.66	1502.79	1810.44
Employee Cost	12977.22	14757.69	15827.46	17514.70	18155.29	19363.32	20020.51	19580.27	20773.66	23564.62
Selling & Administrative Expenses	3893.53	5936.72	6211.55	1933.67	404.02	1617.35	2106.33	1633.41	2092.78	2103.22
Total Expenditure	**50967.31**	**57217.82**	**55761.09**	**53109.54**	**50721.81**	**58066.67**	**67713.94**	**69204.02**	**64747.95**	**80715.63**
Gross Margin	9930.38	4608.67	573.58	2812.17	7311.74	19735.51	17671.65	6025.85	13518.04	33049.52
Depreciation	1971.33	1925.81	1455.62	1255.60	1059.71	1209.85	1115.81	1489.34	1806.85	2000.47
Interest	364.83	120.29	318.70	396.83	73.37	79.92	86.40	176.77	161.51	82.78
Profit & Loss Before Prior period items	**7594.22**	**2562.57**	**(1200.73)**	**1159.74**	**6178.73**	**18445.74**	**16469.44**	**4359.74**	**11549.68**	**30966.27**
Exceptional items/provisions/others	287.05	0.00	(1205.20)	(2404.46)	3296.61	(334.89)	(5.10)	0.00	0.00	(56.26)
Prior Period Expenses(-)/income	5.23	78.61	(72.41)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit & Loss Before Taxation	**7312.40**	**2641.18**	**(2478.34)**	**(1244.73)**	**2882.12**	**18110.85**	**16464.34**	**4359.74**	**11549.68**	**30910.01**
Current Tax	1800.00	1150.00	0.00	(74.29)	2150.00	7142.65	6501.86	331.86	2712.58	8832.41
Mat credit Entitlement	0.00	0.00	0.00	74.29	0.00	0.00	0.00	0.00	0.00	0.00
Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deffered Tax	1926.61	80.19	(11.28)	(127.13)	(402.82)	(777.96)	(584.31)	907.58	308.66	(612.95)
Income Tax Paid(prior period)	2.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit/Loss	**3588.63**	**1410.99**	**(2489.62)**	**(1371.84)**	**1134.94**	**11746.16**	**10546.79**	**3120.30**	**8528.44**	**22690.55**
Cash Proft/Loss	**5559.96**	**3336.80**	**(1034.00)**	**(116.24)**	**2194.65**	**12956.01**	**11662.60**	**4609.64**	**10335.29**	**24691.02**
Turnover MS Unit-(₹ in lakhs)	6447.69	3926.41	4055.32	4807.43	7262.53	5835.71	5511.01	3878.60	5193.26	5696.08
Profit before Tax MS Unit (₹ In lakhs)	3428.60	1412.92	77.07	1135.42	300.04	1939.00	(168.80)	935.12	255.45	1777.57
Export Turnover-(₹ in lakhs)	3462.73	6682.52	3778.35	2373.58	4242.32	8338.74	6360.31	5163.59	5796.19	8297.43
Contribution to Exchequer (₹ In Lakhs)										
Excise Duty	6329.24	7327.61	6290.09	5375.42	7312.00	1791.84	0.00	0.00	0.00	0.00
Sales Tax (including C S T)	1238.67	1370.96	1147.25	1165.25	1556.00	403.00	0.00	0.00	0.00	0.00
GST	0.00	0.00	0.00	0.00	0.00	8086.57	13086.79	11594.55	12690.98	16094.00
Royalty	294.35	227.44	195.67	181.03	150.00	392.00	252.27	185.38	210.60	302.43
Income Tax	1800.00	1150.00	0.00	74.29	2273.00	6140.00	5635.00	425.00	2190.00	8307.42
Dividend	773.32	618.65	0.00	0.00	0.00	0.00	618.65	0.00	0.00	927.98
Tax on Dividend	125.45	123.69	0.00	0.00	0.00	0.00	127.17	0.00	0.00	0.00
Gross Fixed Assets	46390.16	48547.40	50467.18	50523.26	51985.55	29678.05	32435.64	36702.24	40543.62	42960.47
Net Block	25112.78	25428.08	26330.43	25472.67	25998.55	26228.55	27680.10	30289.08	35631.96	36104.42
Capital work-in-progress	4060.74	1113.28	869.30	743.70	371.17	1034.67	3274.80	5968.28	5629.79	3791.66
Current Asset including long Term Loans and Advances	47728.06	55009.58	49842.97	56414.64	54658.47	69060.96	76193.32	74798.16	77671.03	71216.24
Less Current Liabilities and Provision	16624.85	17687.78	15495.49	25412.71	23129.81	28681.25	29742.65	30774.29	25451.32	33053.78
Working Capital (WC) (CA-CL)	**31103.21**	**37321.80**	**34347.48**	**31001.93**	**31528.66**	**40379.71**	**46450.67**	**44023.87**	**52219.71**	**38162.46**

₹ in Lakhs

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Investments	3518.10	518.10	518.10	524.36	522.87	520.25	526.12	530.58	531.69	345.12
Total Utlisation	63794.83	64381.26	62065.31	57742.66	58421.25	68163.18	77931.69	80811.81	94013.15	78403.66
Share Capital (SC)	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**	**3093.27**
Reserves & Surplus	57727.06	58233.30	55906.07	52707.88	53759.24	64362.04	74720.27	76731.83	85156.23	106267.59
Deffered Tax Liability	2974.50	3054.69	3065.97	1941.51	1568.74	707.87	118.15	986.71	1285.49	435.28
Total Sources	63794.83	64381.26	62065.31	57742.66	58421.25	68163.18	77931.69	80811.81	89534.99	109796.14
Net Worth (SC+reserves-Misce Exp)	**60820.33**	**61326.57**	**58999.34**	**55801.15**	**56852.51**	**67455.31**	**77813.54**	**79825.10**	**88249.50**	**109360.86**
Capital Employed (Net Block+WC)	**56215.99**	**62749.88**	**60677.91**	**56474.60**	**57527.21**	**66608.26**	**74130.77**	**74312.95**	**87851.67**	**74266.88**
Finished Goods	**11865.76**	**9112.72**	**8753.13**	**16630.09**	**8597.74**	**11813.50**	**11698.31**	**12629.81**	**10082.93**	**14840.60**
Work in Progress	955.36	746.24	1280.48	948.61	539.31	860.83	821.86	1455.96	1637.10	1405.70
Raw Materials	1684.87	2463.06	4990.88	5125.70	3083.10	1757.11	2627.73	1978.87	2487.08	4881.53
Stores and Spares including Loose Tools	7668.85	7083.63	7228.97	6438.97	6233.90	7031.55	8139.75	8145.17	9093.99	9904.21
Sundry Debtors	8667.02	10434.64	7107.39	8287.97	9951.65	7789.46	10361.44	11082.18	15680.62	13576.37
Cash and Bank Balances	3003.36	4393.87	386.89	66.30	6857.94	19202.29	22115.98	19204.57	21479.83	8287.80
Loans and Advances	13224.33	19842.29	19083.14	17284.82	17237.22	17219.77	17912.77	17485.72	14710.27	14946.85
Other Current Assets	658.51	933.13	1012.09	1632.18	2157.60	2815.74	2515.49	2815.88	2499.22	3373.18
Total	**47728.06**	**55009.58**	**49842.97**	**56414.64**	**54658.46**	**68490.25**	**76193.33**	**74798.16**	**77671.04**	**71216.24**
Installed Capacity (MTs)										
Titanium Dioxide	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00
Ilmenite	51600.00	61600.00	61600.00	61600.00	61600.00	61600.00	61600.00	61600.00	61600.00	61600.00
Rutile	3400.00	4400.00	4400.00	4400.00	4400.00	4400.00	4400.00	4400.00	4400.00	4400.00
Zircon	2500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00
Titanium Sponge	0.00	0.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
Capacity Utilisation (%)										
Titanium Dioxide	67.54	75.01	66.26	84.06	78.14	85.30	83.79	75.54	76.11	87.73
Ilmenite	87.67	102.03	105.60	106.54	89.94	92.14	42.44	48.72	48.72	58.44
Rutile	54.41	52.95	59.95	63.05	54.65	55.77	35.18	32.45	13.50	33.50
Zircon	158.40	55.92	73.35	82.22	73.60	74.52	73.25	63.23	30.49	27.66
Titanium Sponge	0.00	0.00	27.57	28.09	27.43	32.24	49.28	47.46	51.92	30.78
Production (MTs)										
Titanium Dioxide	27016.40	30004.42	26502.44	33624.80	31256.60	34120.00	33514.52	30217.41	30444.40	35091.80
Ilmenite	45240.00	62850.00	65050.00	65630.00	55404.00	56756.00	26140.00	30009.00	30010.00	36002.00
Rutile	1850.00	2330.00	2638.00	2774.30	2404.80	2454.00	1548.00	1428.00	594.00	1474.00
Zircon	3960.00	3635.00	4768.00	5344.50	4784.00	4844.00	4761.00	4110.00	1982.000	1798.00
Silimanate	1265.00	1270.00	1012.00	471.45	600.00	701.00	270.00	1329.00	3751.000	6451.00
Magnesium Chloride	384.00	500.72	540.61	565.77	548.29	661.90	1076.34	949.54	996.368	595.24
Titanium Sponge	88.30	131.64	137.86	140.45	137.13	161.20	246.38	237.31	259.621	153.91
Sales (MTs)										
Titanium Dioxide- (Domestic)	22656.20	28733.83	24042.66	25946.63	34569.21	27330.69	31774.92	28325.57	28491.64	29813.55
Titanium Dioxide- (Export)	2225.80	4566.00	2589.05	1768.12	3178.00	4477.00	3261.00	2674.45	2865.00	2991.00
Titanium Dioxide- Total	24882.00	33299.83	26631.71	27714.75	37747.21	31807.69	35035.92	31000.02	31356.640	32804.55
Rutile	1855.00	1722.30	2694.78	1638.20	2921.10	1873.25	918.60	820.95	1267.400	1470.95
Zircon	3947.00	3726.68	4541.15	5573.70	3550.80	6100.25	4770.65	2940.85	3125.250	1804.15
Silimanite	1087.00	1351.25	987.05	557.00	274.00	1051.55	302.50	200.00	4295.000	6663.05
Titanium Tetra Chloride	2064.00	2129.64	3426.60	5114.43	5205.09	2481.27	4307.42	3256.59	4501.26	5582.35
Titanium Sponge	4.98	53.01	10.99	54.71	94.58	61.09	79.46	77.22	186.092	100.80
Magnesium Chloride	351.00	488.22	536.28	568.05	505.07	713.08	1040.71	920.10	1000.095	588.14

NOTICE TO MEMBERS

Notice is hereby given that the 50thAnnual General Meeting of the Members of **THE KERALA MINERALS AND METALS LIMITED** (CIN: U14109KL1972SGC002399) will be held at 11 A.M. on Thursday, the 29th September 2022, at the Registered Office of the Company to transact the following business;

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2022, the statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To fix the remuneration of the Auditors appointed by the Comptroller & Auditor General of India for the financial year 2022-23.
3. To declare dividend, if any.

Special Business:

4. To consider and, if thought fit, to pass the following resolution to ratify the remuneration of the Cost Auditors for the financial year 2022-23, as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. Sukumaran & Co., Cost Accountants, appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023, amounting to ₹1,40,000/- plus ₹10,000/- as out-of-pocket expenses (Tax will be extra), be and is hereby ratified and confirmed."

By Order of the Board,
For **The Kerala Minerals and Metals Ltd.,**

Sd/-
Jaison Thomas,
Company Secretary

05.08.2022
Chavara

Note:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. A form of proxy is enclosed.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

The Board of Directors of the Company has approved the appointment and remuneration of M/s. Sukumaran & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the financial years 2022-23.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors for the financial years 2022-23.

None of the Directors/Key Managerial Personnel and their relatives are concerned or interested (financially or otherwise) in the resolutions set out at Item No. 4.The Board recommends the Ordinary Resolution set out at Item No. 4 for the approval of Members.

NOTICE TO MEMBERS

Notice is hereby given that the adjourned50thAnnual General Meeting of the Members ofTHE KERALAMINERALS AND METALS LIMITED (CIN: U14109KL1972SGC002399) will be held at 11 A.M. on Friday, the 25th November 2022, at the Registered Office of the Company, Chavara, Kollam, to transact the following business;

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2022, the statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To fix the remuneration of the Auditors appointed by the Comptroller & Auditor General of India for the financial year 2022-23.
3. To declare dividend, if any.

Special Business:

4. To consider and, if thought fit, to pass the following resolution to ratify the remuneration of the Cost Auditors for the financial year 2022-23, as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. Sukumaran & Co., Cost Accountants, appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023, amounting to ₹1,40,000/- plus ₹10,000/- as out-of-pocket expenses (Tax will be extra), be and is hereby ratified and confirmed."

By Order of the Board,
For **The Kerala Minerals and Metals Ltd.,**

Sd/-
Jaison Thomas,
Company Secretary

03.11.2022
Chavara

Note:

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None of the Directors/Key Managerial Personnel and their relatives are concerned or interested (financially or otherwise) in the resolutions set out at Item No. 4.The Board recommends the Ordinary Resolution set out at Item No. 4 for the approval of Members.

DIRECTORS' REPORT

To

The Members,
The Kerala Minerals And Metals Limited

Your Directors have great pleasure in presenting the 50th Annual Report of the Company together with the audited accounts for the year ended 31st March 2022.

1 HIGHLIGHTS

The working results of the Company for the financial year 2021-22 in terms of quantity are given below alongwith the figures related to the previous year 2020-21;

		Production (in MT)	
Sl. No.	**Name of Products**	**2021-22**	**2020-21**
1.	Titanium Dioxide Pigment	35092	30444
2.	Minerals (Ilmenite)	36002	30010
3.	Synthetic Rutile (BI)	44934	41277
4.	Natural Rutile	1474	594
5.	Zircon	1798	1982
6.	Sillimanite	6451	3751
7.	Titanium Sponge	154	260

Average Sales Realisation of Titanium Dioxide / MT

	2021-22	**2020-21**
Domestic (INR)	276778	211965
Export (USD)	3510	2718

2 FINANCIAL RESULTS

Financial results of the Company for the year under review and previous year are given under;

Particulars	**2021-22** *(₹ in Lakhs)*	**2020-21** *(₹ in Lakhs)*
Gross Turnover	105826.09	78357.57
Gross profit before interest and depreciation	32993.26	13518.04
Profit before tax	30910.09	11549.68
Profit after tax	22690.55	8528.44
Transfer to General Reserve	0.00	0.00
Capital Employed	76177.87	84374.94
Internal Generation	32910.48	13356.53

Financial Statements are prepared as per Ind AS requirements.

3 DIVIDEND

The Board of Directors of the Company at its meeting held on 07.12.2021 declared an Interim Dividend of 30 % on equity share capital of the Company for the financial year 2021-22, amounting to ₹ 927.98 lakhs subject to the approval of the Hon'ble Governor of Kerala as per Article 18 (c) of the Article of Association of the company. The Govt. of Kerala vide letter No.H3/434/2021/ID, dated 30.04.2022, accorded its approval to pay the interim dividend as above. Accordingly, the Interim Dividend was paid to the Govt. of Kerala on 24.05.2022.

4 TRANSFER TO RESERVE

No amount was transferred to the General Reserve of the company, during the year under review.

5 REVIEW OF OPERATIONS AND STATE OF AFFAIRS

Turnover of the company for the financial year 2021-22 was ₹ 1058.26 crores as compared to ₹ 783.58 crores during the previous year (net of discount) with an increase of 35.06%. The profit for the financial year 2021-22 before tax was ₹ 309.10 crores as against the profit of ₹ 115.49 crores for the previous year. Profit after tax for the year 2021-22 was ₹ 226.91 crores as against ₹ 85.28 crores in 2020-21.

6 SALIENT FEATURES OF FINANCIAL STATEMENTS

Salient features of the Balance Sheet, Statement of Profit & Loss and Notes thereof, and cash flow statement for the financial year 2021-22 are set out in the financial statements segment of the Annual Report.

7 MINERAL SEPERATION UNIT

In the financial year 2021-22, the Company has successfully carried out the Phase-II operations at Thottappally and 3.72 lakhs MT of mineral sand was transported to KMML / IREL. These operations were being carried out under the provisions of the Disaster Management Act. By these operations, availability of Ilmenite for plant operation could be ensured for last 2 years.

The status of the projects at MS Unit carried out for 2021-22 is given under;

1) Construction of new RCC Foot Over Bridge near MS Unit to restore the pedestrian traffic across TS Canal: Work in progress.

2) Construction of 4 Groins for protecting the coastline and reclaiming the lost land as well as to promote accretion of sand in mining area. Status: Work in progress. The Irrigation Department has resumed the work of construction of Groins from 11.03.2022.

3) The Preparation of DPR on "Modernization and improving mineral recovery in Mineral Separation Plant" and "Wet Concentration Plant No.1 up-gradation and separating Sillimanite rich fraction from Wet Concentration Plant No.1 & 2 for Sillimanite recovery circuit in Mineral Separation Plant" was awarded to CSIR-National Metallurgical Laboratory, Chennai, by incorporating the following items as well;

   a) Installation of a new Wet Concentration Plant in MS Unit premises.

   b) Procurement of a new high performance spiral separators for Wet Mill No.1 for up gradation and modernization.

   c) To replace High Tension Roll Separator with an efficient unit as per the minutes of the Technical discussions on value addition of beach Sand Minerals, to address the inherent ageing inefficiency of HT Roll Separator in particular and ageing of machineries in general.

4) For the current financial year 2022-23, the company plans to implement the projects of -

   a) Conversion of HSD fired Dryers of Zircon / Sillimanite circuit to dual burner system for using LPG through BPCL, Kochi.

   b) To replace High Tension Roll / Electrostatic Separator and Induced Roll Magnetic Separator (IRMS) with an efficient unit in Dry Mill & RRP as per the Interim Report submitted by the CSIR-NML, Chennai.

8 TITANIUM SPONGE PLANT

During the financial year 2021-22, the Company achieved production of 153.92 MT of Titanium Sponge as compared to previous year quantity of 259.62 MT. This shortfall in production was mainly due to stock out of major raw materials and high purity Magnesium, which we depend on imports. Therefore, action has been taken to replenish the stock of Magnesium.

Considering the strategic requirements of Magnesium metal in Titanium Sponge Manufacture and as per contract with VSSC for setting up of a 70 TPA Magnesium Recycling Plant (MRP) at Titanium Sponge Plant of the company, the civil works for the project is progressing in full swing. Piling works have been completed. Capital outlay for the project is estimated to be ₹ 20.38 crores, which is funded by VSSC with Technology provided by DMRL (DRDO).

Necessary statutory compliances for the MRP project have been obtained from KSPCB and Dept. of Factories and Boilers. Several procurement packages associated with MRP project is under tendering, in consultation with VSSC, DMRL and FEDO, engineering consultant. The project progress is periodically reviewed by all concerned.

For continued compliance to the certification requirements as per the Aerospace standard - AS 9100 D and ISO 9001:2015, the surveillance audits have been conducted by the certification body TUV-SUD AMERICA. The audit results were published in OASIS (Online Aerospace Supplier Information System). TUV-SUD America observed that our manufacture and sales of Titanium sponge and its by-products continue to comply with the Aerospace standard.

<u>Major activities proposed for the current financial year</u>

- Project execution of the Magnesium Recycling Plant.
- Completion of fabrication of two Reactors that was approved by VSSC / JPMC.
- Seeking approval of VSSC to procure 4 more Reactors. The proposal from KMML is under review by VSSC.
- Seeking fresh purchase orders from VSSC and AAKANKSHA, for supply of Titanium Sponge.
- Develop the marketing of non-aerospace grades of Titanium Sponge. Discussions were held with VALMET, Chennai.
- Production scale-up initiatives and ensuring atleast 8 batches of Titanium Sponge production, per month.

9 HIGHLIGHTS OF COMPLETED / ONGOING PROJECTS

Completed projects:

1) Enhancement of Liquid Oxygen generation capacity

Purpose	As there was scarcity of liquid oxygen amid the Ccovid-19 pandemic demand, the Government had allotted fund for the enhancement of liquid oxygen generation capacity of our new 70 TPD Oxygen plant from 7 TPD to 9-10 TPD and to shorten the deficit of LOX in the medical sector of our state.
Approval	G.O (Rt.) No.491/2021/ID, dated 09/05/2021
Total Project Cost	₹ 330 Lakhs plus GST
Completion	June, 2021
• Completed the Project and lined up for operations	

2) 2 X 50 Mt Liquid Nitrogen Storage System

Purpose	To continue TiO2 pigment production process for a period of say 1 to 1.5 days (along with existing LOX storages) during any eventuality breakdown in the Air separation plant. This would enable faster restart of the plant.
Approval	242nd Board meeting, dated 26/12/2019
Total Project Cost	₹ 410 Lakhs plus GST
Completion	April, 2022
• Completed the Project and lined up for operations	

Ongoing projects:

1) New Cooling Tower 3 X 700 M3 / Hr

Purpose	To ensure sufficient cooling water to various heat exchangers, compressors etc., to cater the upcoming projects and also to enable opportunity for the preventive maintenance of existing 7 cells cooling tower.
Approval	240th Board meeting, dated 29/05/2019
Total Project Cost	₹ 950 Lakhs with GST
Completion	March, 2023
Current Status • Order got placed on M/s. Koolaqua, Kolkata, for the supply & erection of cooling tower with its accessories. Tower equipments are almost manufactured. • Civil works was entrusted on M/s. Amrita Builders, Alappuzha, and is progressing at site. Presently completed more than 6.7 Mtr level out of the total 10.5 Mtrs.	

2) New Brine Chilling Compressor

Purpose	To replace the old and obsolete Freon based refrigeration compressors (4 Nos.) with one of ammonia-based system. This system will operate on automated PLC system.
Approval	240th Board meeting, dated 29/05/2019
Total Project Cost	₹ 300 Lakhs with GST
Completion	Oct., 2022
Current Status	
• Order was placed on M/s. Voltas, Chennai, for the supply & erection of new brine chilling compressor operating with Ammonia as refrigerant. The item in total has been delivered and positioned.	
• Civil works got completed and piping works associated with the lining up of the machine are in progress at site.	

3) New 5 TPH Pressure Filtration and Drying System

Purpose	To replace the existing old & obsolete Tunnel Drier and Drum Filter System in U-400, due to its ageing, higher energy consumption and low through put efficiency etc.
Approval	G.O (MS) No. 115/2020/ID, dated 29/12/2020
Total Project Cost	₹ 9200 Lakhs with GST / Duties
Completion	June, 2023
Current Status	
• Order was placed on M/s. Advent Tech DMCC, Dubai, for the supply, installation, testing & commissioning of 5TPH pressure filtration and drying system in U-400. The delivery of filter part is completed from OEM viz. Metso-Outotec, Finland.	
• Site development works are almost over and the main piling work starts by end of August, 2022.	

4) New Air Compressor Scheme For Dry And Wet Air

Purpose	To replace the old and obsolete reciprocating air compressors (5 Nos.) with new 1 No. centrifugal compressor and 3 Nos. screw air compressors. The new scheme also segregates dry air and wet air. The new system is expected to reduce the maintenance activity significantly.
Approval	251st Board meeting, dated 30.03.2022
Total Project Cost	₹ 800 Lakhs with GST
Completion	June, 2023
Current Status	
• Order has been placed on M/s. Kirloskar, Pune, for 1 no. HT centrifugal air compressor.	
• Order has been placed on M/s. Techsol, Vizag, for 3 nos. LT rotary screw air compressors.	
• Civil works are ordered and started at site.	

10 LAND ACQUISITION

During the financial year under review, the Company has acquired the land of 13.42 ares with total cost of ₹ 16,28,739 at Ponmana for mining purpose.

11 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in Annexure - A forming part of this report.

12 HUMAN RESOURCES DEVELOPMENT / TRAINING

During the year under review, the Company conducted awareness training programme on the topic of Insurance Policy to 53 Officers of the Company in October 2021. Online Training workshops for Executives of CPSEs and SLPEs were conducted in January 2022. Training to Trade Union representatives of TP unit and MS unit on the subject of Labour Code was conducted in January 2022. Awareness training on the topic of Right to Information Act was given to 16 Senior Executives in February 2022. Also, Motivational Training programme to the 15 APE level Officers of the company was conducted in the month March 2022.

13 SAFETY MEASURES

The Titanium dioxide pigment plant of the Company is a major hazardous industry as per the provisions of the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989, framed under the Environment Protection Act, 1986 and the Kerala Factories (Major Accident Hazard Control) Rules, 2005, framed under the Factories Act, 1948. Hence, the top management has given utmost priority and importance to Occupational Health and Safety of its employees. We are committed to protect the health and safety of our employees and others who are associated with our activities. As such, safety is incorporated into the system of machinery and equipments at the design stage itself. Besides, adequate control procedures are established and maintained to operate the plant in a failsafe and foolproof manner. Hazard identification and risk control is part and parcel of the factory's day to day operations and an ongoing process.

Accident analysis for the year 2021-22

As compared to the year 2020-21, the number of 'Lost time' accidents was increased from 12 Nos. to 19 Nos. in 2021-22, increasing the frequency rate from 8.83 to 11.87. The man days lost due to the above accidents has increased from 146 to 519 reflecting the same increase in severity rate from 107.5 to 324.12. The frequency severity index has increased from 0.97 to 1.96. The agency wise accident analysis revealed that more accidents were occurred due to Chemical Burn, Slip & Falls, and Machinery.

Other activities of Fire & Safety section

- To manage and control any unforeseen eventuality, if occurs, the company has prepared an Onsite Emergency Plan. The Mock Drills as envisaged in the plan and as specified in our Occupational Health and Safety Management System are being conducted periodically. Accordingly, the practice / mock drill was conducted on 29/06/2021 to test and review our emergency preparedness and response which were well appreciated by the statutory authorities and experts from other industries present during the drill as external observers. During the year 2021-22, total 24 fire Mock Drills were conducted in the plant area to improve the quality as well as efficiency of fire service.

- The 51st National Safety Day was celebrated in the company in a befitting manner. Safety flag was hoisted on 4th March 2022 by Managing Director and Safety day celebration was conducted on 10th March 2022. Sri. S. Mani, Joint Director of Factories and Boilers, Kollam, delivered the Key Note Address. Around three hundred employees attended the function. A number of safety competitions and various safety awareness programs were conducted for the employees as well as children of employees in connection with the National Safety Day campaign. As part of our Occupational Health and Safety Management System, the Safety award scheme comprising of Personal safety awards, Group motivation awards for high risk sections with zero accident achievement, Best housekeeping competition separately for plants & workshops and Best safety performance award for Contractors, was made in place and awards were distributed to the winners of the competitions.
- Fire station in the company is one of the most modern equipped Fire stations in the country. It has expertise not only in tackling the fire incidents but also very efficient in rescue operations as well as chemical emergencies. This station is equipped with advanced fire fighting and rescue equipments to meet any type of challenges in future. The fire service is responsible for fire protection as well as fire prevention and responding to mitigate gas leakage, oil spillage, acid spillage and taking appropriate action during any other emergency situations. Fire section has imparted First aid fire fighting trainings at shop level which were attended by 149 employees and Contract workers.

QUALITY, OCCUPATIONAL HEALTH & SAFETY, SOCIAL ACCOUNTABILITY AND ENVIRONMENTAL POLICY

We, The Kerala Minerals and Metals Ltd., strive to become the market leader of Titanium products and an asset to our stakeholders. Delighting customers with world-class products and services at competitive prices, preserving the serenity of the environment, maintaining applicable labour conditions and health & safety of our employees and other persons involved with our activities are our core values.

To enable us to achieve the above core values, we are:

- *Committed to continually improve the effectiveness and efficiency of the Integrated Management System.*
- *Committed to comply with all applicable legal & other requirements including international instruments and their interpretation stipulated by social accountability standards.*
- *Committed to prevention of pollution, waste reduction and resource conservation.*
- *Committed to create a safe work environment through prevention of occupational illness & incidents by managing risks at workplaces.*
- *Committed towards social development activities & the welfare of our employees & interested parties.*
- *Committed to continual improvement of processes by setting & reviewing integrated objectives, targets and programmes and through voluntary social indicators / initiatives.*
- *Committed to achieve continual improvement in the areas of optimization of processes, minimization of unit costs and maximization of production & market revenue.*
- *Committed to be ethical, fair and transparent in every dealing with all our stakeholders.*

14 POLLUTION CONTROL ACTIVITIES

The company has scientifically designed Effluent Treatment Plant and Lime Preparation Plant to treat all the effluents generated from various units, as per the statutory norms. The treated effluent is pumped into the effluent treatment ponds constructed as per the norms of Central Pollution Control Board. The supernatant of quality as specified by the KSPCB, from the pond alone is pumped into the sea which is the outlet approved by them. Measurement of quality of the effluent pumped to the sea is continuously monitored through necessary instrumentation system.

The company has two ponds with seven liner systems as per CPCB guidelines for storage of the Iron oxide and the sludge generated from the Effluent Treatment Plant. There is a lime as well as caustic neutralization system for neutralizing the Iron oxide continuously at the source of production as well as at the new Iron oxide storage. It has modern equipments like lime scrubber, cyclones, bag filters etc. at various locations of the plants for scrubbing the effluent gases and thus, maintain the quality of gases as per statutory standards before letting out to the atmosphere through tall stacks as specified by the KSPCB. Besides, the construction of the Garland drain around new ETP pond is in progress.

The company has seven real time Ambient Air Quality Monitoring Stations at various locations in the company and its real time data has been linked with central server of KSPCB by provisions of Glens software. It has also installed online stack monitoring systems in the stacks at various plants to continuously monitor and ensure the quality of the gases let out from the various plants. Also, installed about 40 detectors at various locations in the plants for monitoring the presence of gases, if any, in the ambient air. Forestation activities started last year inside KMML to reduce carbon foot print.

In connection with de-categorization of Iron oxide from non- hazardous category, M/s. National Environmental Engineering Research Institute ('NEERI'), has submitted the final report. As per their findings, the Iron Oxide generated in the company is classified as "Non-Hazardous waste" and this report was placed before KSPCB/CPCB/MoEF, for approval. The company has taken efforts for implementation of the recommendations of NEERI, which includes ARP technology modification and its project proposal is at present under the consideration of the Govt. of Kerala.

15 PARTICULARS OF EMPLOYEES

None of the employees in the company is covered under the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

16 DIRECTORS

During the year under review, Sri. P. Rajendran, Director, has submitted the resignation letter on 11.06.2021, due to personal reasons and the Government of Kerala being appointing authority, has accepted his resignation vide letter No.H3/144/2021/ID, dated 03.08.2021. The Government of Kerala vide G.O. (Rt.) No.221/2022/ID, dated 14.03.2022, appointed Sri. Suman Billa IAS, Principal Secretary, Industries Dept., Govt. of Kerala as Chairman of the Company in the place of Dr. K. Ellangovan IAS (Rtd).

The Government of Kerala vide G.O. (Rt.) No.901/2022/ID, dated 22.08.2022, appointed 3 new Directors viz. Sri. Venugopala Kurup. V, Sri. M. Vinaya Kumar, and Sri. Vijaya Kumar P.K. IRS (Rtd.) in the Board of Directors of the Company.

17 AUDITORS

M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Kollam, was appointed by the Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2021-22.

18 BOARD MEETING AND CORPORATE GOVERNANCE

A report on Board Meeting and Corporate Governance is set out in Annexure - B forming part of this report.

19 AUDIT COMMITTEE

Details of Audit Committee Members and their Meetings held in the financial year 2021-22 are given in Annexure – B forming part of this report.

20 DIRECTORS' RESPONSIBILITY STATEMENT U/S. 134 (5)

Pursuant to the requirements under Section 134 (5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, the Board of Directors to the best of their knowledge and belief and according to the information and explanations obtained by them, states as follows that -

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2021-22 and of the profit and loss of the company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21 CORPORATE SOCIAL RESPONSIBILITY

The Company has actively supported various initiatives in the area of Health, Education and Environment for past years. As per Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has a Corporate Social Responsibility Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website www.kmml.com. Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, was appended as Annexure - C to this Report.

22 EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure-D to this Report.

23 VIGIL MECHANISM

The Company has established a Vigil Mechanism and formulated a Whistle Blower Policy that enables the employees to report to the management and in exceptional cases to Chairman of the Audit Committee about unethical behavior, actual or suspected fraud, or violation of the company's general guidelines on conduct or ethics policy. Details of the Whistle Blower Policy is available at the Company's website www.kmml.com.

24 PREVENTION OF SEXUAL HARRASSMENT AT WORKPLACE

The Company has a system for prevention of Sexual Harassment as per Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal Committee as per the norms of the Act is in place to redress the complaints that falls within the purview of the Act. The Committee has not received any complaint that fall under the purview of the Act, during the financial year under review.

25 DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

26 RIGHT TO INFORMATION

The company being a Public Sector Undertaking of the Government of Kerala, the provisions of the Right to Information Act, 2005 are being complied with. The Company has 3 Public Information Officers and 3 Assistant Public Information Officers i.e one Public Information Officer and one Assistant Public Information Officer in each unit of the company. Besides, an Appellate Authority is functioning in the Company. The applications being received by the company are processed expeditiously and provide required information to the applicant within prescribed time limit. The company published a Suo-Motto disclosure of general information about the company which is available at Company's website. During the financial year 2021-22, the company has received 182 applications and there were 9 applications pending for disposal at the beginning of the year. Out of it, 156 were processed and disposed at the satisfaction of the applicants and 31 were rejected and 4 applications were pending at the end of the financial year (which was disposed in the current financial year). The disposition details are available at company's website.

27 INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. In order to maintain objectivity and independence of the internal audit, quarterly internal audit reports are being placed before Audit Committee meeting of the company for their review and suggestions for betterment. Based on the suggestions and directions given by Audit Committee / Board Meeting, corrective actions are being taken at respective areas and thereby strengthen the internal controls.

In addition to this, observations and remarks of the statutory Auditors' alongwith corrective actions thereon are presented before Audit Committee Meeting. Internal Audit Department monitors and evaluates efficacy and adequacy of internal control system in the Company, its compliance with operating systems; accounting procedures and policies at all units of the Company with respect to purchase orders, work orders etc.

28 RISK MANAGEMENT

A mechanism for risk management is being devised and implemented in the company. It will provide for constitution of a Risk Committee which will work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps. The Committee shall periodically update the status to the Management / Board of Directors of the Company.

29 RELATED PARTY TRANSACTIONS

There is no related party transaction in the company for the year 2021-22. Thus, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013, is not applicable.

30 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans / Guarantees etc. are stated under Note Nos. 50 A to 50 G of Notes forming part of the financial statement for the financial year 2021-22.

31 RESERVATIONS, QUALIFICATIONS OR REMARKS MADE IN AUDITOR'S REPORT AND COMPANY'S REPLY TO THE SAME

Qualification (i)

Note No. 10 - Inventories include Stores and Spares amounting to ₹ 10,312.23 lakhs against which a provision of ₹ 416.79 lakhs is maintained for non-moving stores and spares. The Company has not identified the non-moving and obsolete items of stores and spares during the year and restated at their realizable value.

Considering the volume and ageing of items in stores and spares, we are of the opinion that the existing provision of ₹ 416.79 lakhs is inadequate. However, in the absence of estimated realizable value, we are unable to quantify the extent of short provision.

Reply to Qualification (i)

The Company has a perpetual inventory system and undertaking stock verification activities on a continuous basis. During the year, the company has examined the entire stores and spares costing more than ₹ 4000. On the basis of the report received and recommendations from the concerned user Departments, Company has made a total provision of ₹ 416.79lakhs upto 31-03-2022 against non-moving / obsolete stores and spares. The other spares, though they are non-moving for more than two years, they are usable and required in future which are essential for running a chemical plant of this nature. As these spares are usable for the purpose for which it is procured, we have not made any provision towards diminutions. Further, we have entrusted M/s. Kerala State Productivity Council to evaluate the matter and give a comprehensive report. As directed by the Board the report will be placed in the Board and suitable adjustment, if required, will be made in the books of accounts.

Qualification (ii)

Note No. 7- Non-current Loans and Advances includes ₹ 5211.00 lakhs and Note No. 14 Current Loans and advances includes to ₹ 941.71 lakhs being loans given to various Government Companies / Societies. Against these loans and advances, the Company has made provision for doubtful advances to the extent of ₹ 384.00 lakhs. Some companies, to whom advance has been given, have even though confirmed the existence of loan in their books of accounts, have expressed their inability to repay the loan at present. During the year, the Company has recognized interest amounting ₹ 58.80 lakhs for the loan given to BHEL and KAL as stated in Note No. 50 E and 50 F.

We are unable to comment on the recoverability of the above loans given to companies / societies based on the letter of confirmation given by the companies / societies and interest thereon booked as receivable, since these confirmations does not specify the repayment schedule of loans given. Therefore, we are unable to express an opinion on the adequacy of the provision and the impact of shortage in provision, if any.

The effect of the qualification given in above two items is not quantifiable/ ascertainable.

Reply to Qualification (ii)

The Govt. of Kerala has directed all the concerned organizations to repay the loan vide letter No. 17404/ H3/ 2009/ ID dated 13.08.2009. Accordingly, the company is making rigorous follow-up with those companies. Further, a meeting was convened by the Principal Secretary, Industries, Govt. of Kerala on 16.08.2014 to discuss the repayment of the loans granted to various PSUs by KMML. Accordingly, direction was given to certain companies to repay the loan taken by them / taken by other companies. (Please refer point No. 50 (A) of notes to accounts). Accordingly, the company has received ₹ 111.50 lakhs from four PSUs. It may be worthwhile to note that out of ₹ 111.50 lakhs mentioned above, ₹ 87.50 lakhs received during the year 2015-16 from M/s. Kerala State Detergent and chemicals which was provided in the books of accounts earlier. This shows that there is scope for receiving the money back in the case of others also. Moreover, confirmation of balances has been collected from all the PSUs to whom the loan was given and shown as outstanding as on 31-03-2022 and majority of them have assured that re-payment will be made as soon as their financial position improves. Constant follow-up is also being made to recover these amounts. The company has already provided ₹ 384 lakhs and written off ₹ 86.15 lakhs towards loans given to other PSUs so far, based on Government directions from time to time. As per the Accounting policy of the company, further provisions can be made only based on the Government directions.

Further, this matter was discussed in detail in the 252nd meeting of Board held on 25.07.2022 and Board directed the management "to formulate a strategy to resolve the matter of non-repayment of Loans & advances / Share application money, given to Government Companies / Societies, after considering various possibilities like conversion of loans to interest free loans, conversion of share application money to loans, adjustment of outstanding loan against dividend payable to the Government etc., based on the expert opinion to be obtained in this regard, and place the same before the next Board Meeting for its review. Thereafter, a comprehensive report has to be submitted to the Govt. of Kerala so as to address this long pending matter." Accordingly, we have entrusted the work to M/s. Varma & Varma, Chartered Accountants. Suitable adjustments, if required, will be made on the basis of decision taken by the Board in this regard.

Qualification (iii)

Note No. 51- As mentioned in this Note, the Company had entered into a contract with Vikram Sarabhai Space Centre (VSSC) for establishment of Titanium Sponge Plant at KMML. As per Clause 10.6 of the contract, VSSC will reimburse the total production cost including 10% profit margin minus the sales proceeds of Grade I, II & III Titanium sponge to KMML during the first 2 years of commercial production or till the stabilized operations of the plant.

In the 47th Joint Project Management Committee (JPMC) meeting held on 19.11.2021 and 21.12.2021, JPMC had declared that the plant has attained stabilized operation on 31.03.2021. This means that for sale of Titanium sponge produced from 01.04.2021, there will not be any reimbursement from VSSC as mentioned above and entire loss, if any, has to be borne by KMML. However, the Company has not accepted the declaration that the plant had attained stabilized operation.

Note No. 10 - Inventories include 315.933 MT of Grade II Titanium Sponge with value of ₹ 28.43 crores, valued at net realizable value of ₹ 9.00 lakhs per MT on the basis of the 28th JPMC meeting dated 16.07.2012. However, as per the 45th JPMC meeting dated 20.01.2020, sale of non-aerospace Titanium sponge, Grade-II and Grade-III having higher than 1500 ppm which are not suitable for aerospace alloys was fixed at a common price of ₹ 5.50 lakhs per MT.

As per Ind AS-2 "Inventories" para 9, inventories shall be measured at the lower of cost and net realizable value. As per para 7, net realizable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. As per para 30, estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

For the Titanium sponge produced up to 31.03.2021, VSSC is liable to reimburse the total production cost including 10% profit margin minus the sales proceeds. In a communication dated 13.09.2021, VSSC had indicated that tentative average workable price for Grade II and III will be ₹ 10.625 lakhs per MT.

Taking these into consideration, in our opinion, valuing the Grade II Titanium sponge produced up to 31.03.2021 at ₹ 9.00 lakhs per MT appears to be reasonable.

However, in our opinion, following the declaration of stabilized operation from 01.04.2021 by JPMC, the production of Grade II & III of sponge from 01.04.2021 has to be valued at ₹ 5.50 lakhs per tonne based on the rate fixed in the 45th JPMC meeting held on 20.01.2020 and also based on the sales effected during the current year.

On account of the above, out of the closing stock of 315.933 MT in Grade-II, 24.305 MT produced during 2021-22 valued at ₹ 5.50 lakhs per MT will be ₹ 1.34 crores, as against Company's valuation of ₹ 2.18 crores at ₹ 5.50 lakhs per MT. This has resulted in the overstatement of closing stock and profit by ₹ 0.84 crores.

Reply to Qualification (iii)

The Contract has been entered into between Vikram Sarabhai Space Centre, ISRO Thiruvananthapuram, and the Company for the "Establishment of Titanium Sponge Plant at KMML" on 31-10-2012. As per Clause 10 of the Contract, the selling price of the sponge will be production cost plus 10% profit margin for the first two years or till the stabilization of production. The sales value fixed at present is ₹ 15.02 Lakhs / MT for Grade-I, ₹ 9 Lakhs for Grade-2, and ₹ 5.5 Lakhs for Grade-III and ₹ 2.5 Lakhs for fines and for off grades and handling loss the value is taken as zero. The price of Grade-I is under revision and pending for JPMC approval. Even though, the cost of Production of different grades of sponge are same, the realizable price varies. Accordingly, closing stock of Grade-I is valued at cost of production as the net realizable value is high up to 31-03-2021. For the year 2021-22, since the cost of production is high for Grade I, stock valuation is done as per the selling price fixed by VSSC. The closing stock of other grades of finished goods is valued at realizable value fixed by VSSC as the cost of production is higher than the price fixed by VSSC.

As per Clause No. 10.6 of contract "VSSC will reimburse the total production cost including 10% profit margin minus the sales proceeds of Grade I, II & III sponge to KMML during the first 2 years of commercial production or till the stabilized operations of the plant. In the 47th JPMC held on 19/11/2021 and 21/12/2021, JPMC declared that the plant has attained Stabilised Operation on 31.03.2021 without considering the fact the plant has achieved only around 50% of installed capacity. The cost of production is much higher than the market price due to lower capacity utilisation, lower capacity of equipments and ageing of the plant. Even though, these issues were pointed out by KMML during the meeting, unilateral decision was taken by the Chairman of the Committee ignoring the concern of KMML. KMML has not accepted the decision of the Committee and our dissent was recorded. The minutes of meeting was prepared without the concurrence of KMML and hence, not accepted by KMML. Our objections regarding the minutes was communicated to VSSC vide letter dated 15-03-2022. This was also informed to Government vide letter dated 28/06/2022 and requested Government intervention on the matter. Since the minutes of 47th Meeting is not finalised and the matter is pending before the Government, the existing method of stock valuation is continued for the current year also. The matter was discussed in the 252nd meeting of the Board of Directors and Board directed to formulate methods to dispose the long pending Grade II & III sponge and directed to take up the matter with Government of Kerala.

Suitable changes in the method of valuation, if required, will be made subject to the outcome of decision taken by Government in this regard.

ANNEXURE- A TO THE AUDITOR'S REPORT

Qualification 1(a)

In respect of the Company's Property, Plant & Equipment and Intangible Assets:

A) The Company has maintained proper records showing full particulars, including quantitative details, except situation of Property, Plant & Equipment.

B) The Company has not maintained proper records showing full particulars of intangible assets.

Reply to qualification 1 (a)

A) Until 2018-19, Fixed asset register was maintained manually and a copy of the same was available in excel format. During the year 2019-20, the company has taken steps to maintain the register as part of software. The calculation of depreciation which was manually done upto 31-03-19 was done through software. Further, the entire fixed assets were physically verified and certain old which were physically not available were removed from the register. Proper access and authentication controls are available in the system. The fixed asset register shows the location of each asset and code number is allotted to each asset for easy identification. However, necessary steps will be taken for strengthening the system.

B) Steps will be taken to maintain proper records showing full particulars of intangible assets.

Qualification 1 (b)

Major portion of the Property, Plant & Equipment have been stated to be physically verified by the Management during the year and are not observed by us. However, we report that the physical verification has to be done on a systematical order and the procedure needs to be strengthened. Since the physical verification report has not been reconciled with PPE register we are unable to comment on any material discrepancy noticed on such verification.

Reply to Qualification 1 (b)

During the year, the physical verification of the assets is done by the perpetual inventory team of the company and also by an external agency appointed by the Management. All the assets are serially numbered and the perpetual inventory team certified the physical existence of all fixed assets appearing in the fixed asset register.

The fixed assets of the company will be verified on a regular basis. However, steps will be taken to make improvements in physical verification in future.

Qualification 1 (c)

The Company has not maintained complete records for all the immovable properties disclosed in the Financial Statements. It has submitted copies of some of the title deeds for the immovable properties held in its name. However, the aggregate value as per the available title deeds could not be reconciled with the value of land as per the financial statements. Hence, we are not able to provide the required details in respect of immovable properties, if any, which are not held in the name of the Company.

We have been informed that the original Title deeds of immovable properties of 7198.05 ares (Sy.No.202/1 in Panmana Village, Karunagapally) are pledged with bank as collateral security for availing loan for which bank has given a certificate.

Reply to Qualification 1 (c)

The company is having Working Capital arrangement with State Bank of India (SBI), ICICI Bank and Axis Bank against hypothecation of entire current assets (Receivables and stock) of the company and immovable properties i.e. an extent of 71 hectares, 98 Areas and 05 Sq.m.in Re. Sy.No.202/1, Re.Sy.No89/18 in Panmana village of Karunagapally Taluk of Kollam District alongwith all improvements thereon composed of properties under various Pattas. While renewing the loan, SBI have confirmed that the loan was sanctioned against the above immovable property and confirmation has been received. Steps will be taken to reconcile the value of assets shown in title deed with the value shown in fixed asset register of the company.

Qualification II (a)

The inventories have been physically verified by the Company as at year-end. We are informed that it has installed a system of perpetual inventory for stores and spares and raw materials. It had examined the entire raw-materials, stores and spares costing more than ₹ 4000. In our opinion, the Company has to implement a regular programme for verification of inventories of raw material including raw sand, in which the frequency of verification shall be determined by an A-B-C classification. The system of continuous verification of stores and spares needs further strengthening to ensure that all items in stock are verified at reasonable intervals. Since the physical verification report has not been reconciled with stock register, we are unable to comment on any material discrepancy noticed on such verification.

Reply to Qualification II (a)

During the year company has examined the entire stores and spares costing more than ₹ 4,000. The Company has around 35,000 items of spares in stock. Physical verification of all the items every year is a difficult proposition. However, the company is making efforts for continuous improvement in this area. The company has initiated the activities of Physical verification of raw materials during the year and scope will be enhanced to cover the points noted by auditors. Further, steps will be taken to physically verify the quantity of raw sand/other raw materials at regular intervals. Suitable modification may also be incorporated in the system on the basis of the report received from Kerala State Productivity Council.

Qualification II (b)

According to the information and explanations given to us and on the basis of our examination of the records, the Company has been sanctioned working capital limits in excess of ₹ 5.00 crores, in aggregate, during the year, from banks on the basis of security of current assets. The Company has filed monthly stock statements with the bank. With the available records we are not in a position to verify whether they are in agreement with the books of accounts.

Reply to Qualification II (b)

Steps will be taken to reconcile the monthly stock statements filed with bank with the books of accounts of the company. The reconciliation is required since the stock statement has to be given by 20th of succeeding month before the monthly accounts of the company is finalized.

ANNEXURE - C TO AUDITOR'S REPORT

Qualification (a)

The internal control system in place towards maintenance of records regarding quantitative details and situation of fixed assets and regular program for physical verification of fixed assets including land, is not commensurate with the nature and size of the company.

Reply to qualification (a)

Until 2018-19, fixed asset register was maintained manually and a copy of the same was available in excel format. During the year 2019-20, the company has taken steps to maintain the register as part of software. The calculation of depreciation which was manually done upto 31-03-19 was done through software. The fixed asset register indicates the location of each asset and code number is allotted to each asset for easy identification. During the year the physical verification of the assets is done by the perpetual inventory team of the company. All the assets are serially numbered and the physical verification team certified the physical existence of all fixed assets. The fixed assets of the company will be verified on a regular basis. However, as suggested by the Auditors, necessary steps will be taken for strengthening the system.

Qualification (b)

The Company does not have a regular program for verification of inventory of raw materials in which the frequency of verification is determined by an A-B-C classification. The system of continuous verification of stores and spares needs further strengthening to ensure that an item is verified at least once in a year;

Reply to qualification (b)

During the year company has examined the entire stores and spares costing more than ₹ 4,000. The Company has around 35,000 items of spares in stock. Physical verification of all the items every year is a difficult proposition. However, the company is making efforts for continuous improvement in this area. The company has initiated the activities of Physical verification of raw materials during the year and scope will be enhanced to cover the points noted by auditors.

Qualification (c)

The records relating to physical verification of inventory is inadequate to evaluate the discrepancies, if any between physical stock and stock as per books and for making appropriate entries in the books of accounts.

Reply to qualification (c)

The company has an inventory management system commensurate with the size and nature of the business. Periodical physical verification of inventory also has been carried out. Further improvements in the maintenance of records related to physical verification will be made during the year 2022-23.

Qualification (d)

The internal control towards stock and consumption of Raw sand needs to be strengthened.

Reply to qualification (d)

To address the internal control issues, arrangements are already made to capture Stores received note (SRN) for the entire quantity of raw sand. Further, we have entrusted M/s. Kerala State Productivity Council to evaluate the matter and give a comprehensive report. As directed by the Board the report will be placed in the Board and suitable adjustment, if required, will be made in the books of accounts.

Qualification (e)

Internal control system regarding fixation of purchase levels of materials stores and spares and identification of slow moving, damaged and obsolete items, does not commensurate with the nature and size of the company.

Reply to qualification (e)

The company has an internal system for fixation of purchase levels which are timely reviewed. The slow moving, damaged and obsolete items are identified on the basis of the report given by our perpetual inventory team and provisions are being made for obsolete items as certified by the user departments. However, further improvements in these areas will be made on the basis of report given by M/s. Kerala State Productivity Council.

Qualification (f)

The internal control regarding review of long pending advances, deposits, trade payables and receivables and review of provisions or write off of bad and doubtful items needs further strengthening.

Reply to qualification (f)

The company had engaged an external agency to review long pending advances, trade payable and receivables and on the basis of their report some adjustments were already made in the books of accounts during the year 2019-20. The possibility of making further verification and related adjustments, if any, will be explored during the year 2022-23.

Qualification (g)

The present software used by the Company is not integrated with all the activities and also all plants of the Company. It is suggested that an ERP system is implemented so that all transactions originating in the Company are integrated. It is observed that at present there is no provision for audit trail in the existing software. Since the audit trail is mandatory w.e.f 01.04.2023, suitable changes may be effected in the present software.

Reply to qualification (g)

As suggested by Audit, steps are being taken to implement an ERP system. Further, steps will also be taken to implement the Audit trial in our existing software.

Qualification (h)

Accounts coming under MSME category should be properly monitored so that all conditions as per MSMED Act are strictly complied. It is noticed that in all the cases marked as MSME, the registration number is not available in many cases. The periodical returns to be filed under MSME Act, is also not being filed.

Reply to qualification (h)

Steps are being taken to update the master of MSME vendors and will be completed shortly. Once the master is updated, steps will be taken to file the MSME periodic returns.

32 COST AUDITOR

IIn pursuance of directions issued by the Central Government under Sec. 148 of Companies Act, 2013, the Board of Directors appointed M/s. Sukumaran & Co., Cost Accountants, to conduct Cost Audit for the financial year 2021-22 and the Central Government has approved this appointment.

33 INDUSTRIAL RELATIONS

During the financial year 2021-22, Industrial atmosphere in the company was good except the gate meetings held on various occasions by Trade Unions / external parties. In general, there was cordial and harmonious industrial relations.

34 APPRECIATIONS

Your Directors wish to express their sincere gratitude for the support and co-operation received from the Government of Kerala, Government of India, Banks, Customers and suppliers during the year under review. Your Directors also place on record their appreciation to the committed services of the Executives, Staff and workers of the Company.

For and on behalf of the Board of Directors,

Sri. Suman Billa IAS
Chairman
(DIN- 00368821)

Thiruvananthapuram

ANNEXURE - A

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

Details of energy conservation and efficiency activities for the financial year 2021-22 are given under;

Sl No.	Name of Activity	Qty	Expected outcome	Savings in ₹
1	Replacement of 125 Watts HPMV flood light fittings with 45W/60W/ 90W LED flood light fittings	161 Nos.	Reduction in power consumption	2,31,755
2	Replacement of 800 Watts MH flood light fittings of 3 Nos. of HML with 300 W LED flood light fittings	45 Nos.	Reduction in power consumption	5,66,662
3	Replacement of 125 Watts HPMV / chokeless fittings with 60W LED well glass light fittings inside plant areas	105 Nos.	Reduction in power consumption	1,71,890
4	Replacement of 2x40 / 1x40 watts fluorescent tube light fittings with 7.5 watts / 18 watts / 40 watts LED recess mounted lights at rooms	120 Nos.	Reduction in power consumption. Improved quality and good rendering of light.	48,104
5	Replacement of 125 watts street light fittings with 25 / 45 / 60 watts LED street light fittings	49 Nos.	Reduction in power consumption	78,810
6	Replacement of ordinary bulbs and lamps with 15W/18 W/40 W LED tube lights	519 Nos.	Reduction in power consumption	2,89,035
Total savings for the financial year 2021-22 was ₹ 13,86,256				

Details of cost savings in STOA Power purchase (2020-21)

Sl No.	Month	Year	Power purchased (in Kwh)	Open Access power cost (in ₹)	KSEB cost (in ₹)	Savings (in ₹)
1	April	2021	1003880	58,85,397.85	73,03,438.50	14,18,040.65
2	May	2021	2772267.5	1,35,43,347.13	1,71,37,210.50	35,93,863.37
3	June	2021	2575200	1,27,00,662.65	1,58,57,160.75	31,56,498.10
4	July	2021	2835365	1,36,03,031.38	1,73,39,190.75	37,36,159.37
5	August	2021	1181570	62,28,040.82	75,11,400.00	12,83,359.18
6	September	2021	787450	42,07,862.37	50,87,016.00	8,79,153.63
7	October	2021	931040	49,13,162.62	62,03,466.00	12,90,303.38

8	November	2021	1699792.5	91,29,904.48	1,14,60,666.38	23,30,761.90
9	December	2021	1225140	80,35,571.09	88,38,915.75	8,03,344.66
10	January	2022	1298710	77,96,484.35	88,12,651.50	10,16,167.15
11	February	2022	900962.5	61,92,818.90	69,17,413.50	7,24,594.60
12	March	2022	400247.5	26,80,221.07	30,31,803.00	3,51,581.93
Total			**17611625**	**94916504.71**	**115500332.6**	**20583827.92**

B TECHNOLOGY ABSORPTION (R & D)

i) TiO2 agglomerate as scouring medium

Plant trials have been successfully conducted with TiO2 agglomerate received from Travancore Titanium Products Ltd. as scouring medium in the oxidation plant (U-300). Actions are underway to use the agglomerates in process on continuous basis.

ii) Modified RC 813 Grade TiO2 Pigment

Lab scale investigations were evolved a modified surface treatment procedure for improving the quality of RC 813 grade TiO2, especially Dry Hide. The modified treatment involves incorporating higher porous silica coverage onto TiO2 particle surface for enhanced Dry Hiding. In order to ascertain the lab scale findings, a plant trial campaign will be conducted shortly to produce about 50 MT finished RC 813 modified TiO2.

iii) Alternate technique for evaluation of finished Pigment qualities

R & D has successfully developed a quicker, precise, cost-effective, eco-friendly application testing technique for finished TiO2 pigment, based on Optical Density measurements instead of the conventional time-consuming, costlier method which involves use of toxic chemicals. Fundamental evaluation tools such as particle size and standard deviations are derived from Optical Density values which are used to correlate with parameters having high relevance to product performance such as Tint Strength and Tint Tine. Joint evaluation studies with QC are presently in progress to verify the suitability of implementing this technique for routine use.

iv) Development of Catalytic Grade TiO2

Catalytic grade TiO2 has been developed in lab and pilot scale by R & D. It has a rutile structure with average particle size less than 25 nanometer. It finds application in photocatalysis, cosmetics, air purification etc. Feedback from prospective customers on the performance of catalytic TiO2 is awaited.

v) Self dispersion technology, a viable alternative to Alkaline dispersion

In Self Dispersion technique, the base TiO2 slurry is automatically dispersed in water medium without the aid of any chemicals or additives and the slurry pH will be in the acidic range unlike the Alkaline Dispersion method where the dispersion is effected in the alkaline range by dosing caustic and SHMP. Based on the backdrop of R & D investigative studies, a one-day plant trial was conducted to establish the advantages of this method. The optical, physical and chemical properties of finished TiO2 pigment were found highly comparable to that from Alkaline Dispersion slurry. This technology was found to impart many advantages such as highly dispersive raw pigment slurry, efficient bead classification / recovery, reduced water consumption for filtration, and cost saving from elimination of caustic dosing, reduction of carbo bead processing costs, reduced DM water consumption etc. A longer duration trial is proposed to ascertain the lab and short-period trial findings before being employed in routine production.

C FOREIGN EXHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used during the year under review is given below;

	2021-22	2020-21
Total Foreign Exchange earned	₹ 8189.25 Lakhs	₹ 5751.54 Lakhs
Total Foreign Exchange used	₹ 1655.65 Lakhs	₹ 2413.78 Lakhs

ANNEXURE - B

REPORT ON BOARD MEETING AND CORPORATE GOVERNANCE

BOARD MEETING

The details of presence of Directors in the Board meetings held during the year 2021-22 are given under;

Sl. No.	Name of Director	Number of Board meetings ought to have attended	Number of Board meetings attended
1	Sri. Suman Billa IAS, Chairman	1	1
2	Dr. K. Ellangovan IAS, Ex-Chairman	4	4
3	Sri. Chandrabose J, Managing Director	5	5
4	Sri. M.G. Rajamanickam IAS	5	2
5	Sri. Anoop S, Director	5	4
6	Dr. L. V. Muralikrishna Reddy, Director	5	5
7	Sri. P. Rajendran, Director	1	1

During the year under review, 5 Board Meetings were held on 10.06.2021, 25.09.2021, 07.12.2021, 15.01.2022 and 30.03.2022.

Sri. P. Rajendran, Director, has submitted the resignation letter on 11.06.2021, due to personal reasons and the Government of Kerala being appointing authority, has accepted his resignation vide letter No.H3/144/2021/ID, dated 03.08.2021. The Government of Kerala vide G.O. (Rt.) No.221/2022/ID, dated 14.03.2022, appointed Sri. Suman Billa IAS, Principal Secretary, Industries Dept., Govt. of Kerala as Chairman of the Company in the place of Dr. K. Ellangovan IAS (Rtd).

The Government of Kerala vide G.O. (Rt.) No.901/2022/ID, dated 22.08.2022, appointed 3 new Directors viz. Sri. Venugopala Kurup. V, Sri. M. Vinaya Kumar and Sri. Vijaya Kumar P.K. IRS (Rtd.) in the Board of Directors of the Company.

AUDIT COMMITEE MEETING

Details of presence of Members in the Audit Committee Meetings held during the year 2021-22 are given under;

Sl. No.	Name of Member	Number of Audit Committee Meetings ought to have attended	Number of Audit Committee Meetings attended
1	Sri. Anoop S, Chairman	2	2
2	Sri. Chandrabose J, Member	1	1
3	Dr. L. V. Muralikrishna Reddy, Member	2	2

During the year under review, 2 Audit Committee Meetings were held on 22.09.2021 and 30.03.2022.

CORPORATE SOCIAL RESPONSIBILITY COMMITEE MEETING

During the year 2021-22, one CSR Committee Meeting was held on 30.03.2022. Dr. L. V. Muralikrishna Reddy, Chairman, Sri. Chandrabose J, Member and Sri. Anoop S, Member attended said meeting.

ANNEXURE - C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

(Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014)

1) Brief outline of the Company's CSR Policy, including overview of projects / programs undertaken

The Company is committed to operate and grow its business in a socially responsible way. Vision of the company is that through the sustainable measures, it can contribute towards Social, Economic and Environmental Development of the community in which the company operates, ensuring participation from the community and thereby creating value for the nation.

The Corporate Social Responsibility ("CSR") Policy of the Company, as approved by the Board of the Directors, is available at Company's website www.kmml.com

During the financial year 2021-22, the company has undertaken the Corporate Social Responsibility projects/programs/activities as given in below stated table.

2) Composition of the CSR Committee

CSR Committee of the Company consists of 3 Director members viz. i) Dr. L.V. Muralikrishna Reddy - Chairman, ii) Sri. Chandrabose J - Member and iii) Sri. Anoop S - Member. During the year 2021-22, one CSR Committee Meeting was held on 30.03.2022 and all members attended said meeting.

The role of the CSR Committee is as follows;

- *Formulate and recommend the CSR policy to the Board in compliance with Sec.135 of the Act.*
- *Identify the activities to be undertaken as per Schedule VII of the Act.*
- *Recommend to the Board the amount of expenditure to be incurred on CSR activities.*
- *Recommend to the Board, the modifications to CSR policy as and when required.*
- *Monitor the implementation of the CSR policy from time to time.*

3) Average Net Profit of the Company for last 3 financial years : ₹ 10791.25 lakhs

4) Prescribed CSR Expenditure (2% of average Net Profit) **: ₹ 215.82 lakhs**

5) Details of CSR spent during the financial year 2020-21

a) Total amount budgeted for CSR activities : ₹ 212.27 lakhs

b) Total amount to be spent for the financial year : ₹ 310.63 lakhs

(Including total unspent amount of ₹ 94.81 lakhs carried forward from previous 3 years)

c) Total amount spent during the year : ₹ 323.47 lakhs

d) Amount unspent (Provision for CY-Provision for PY) : Nil

e) Manner in which the amount was spent during the financial year 2021-22 is detailed below;

Sl No.	CSR Project /Programs/ Activities	Sector of Sch.VII, in which CSR activities covered (Ref. Note*)	CSR activities coverage area	Amount outlay for 2021-22 (Budget)	Amount Spent on CSR activities (2021-22) (In ₹)	Cumulative Exp. upto 31.03.2022	Amount spent- Direct / Agency
1	Medical assistance to treatment / cancer patient	(i)	Local Area (Kollam Dist.)	60,00,000	73,85,046	3,03,80,013	Direct
2	Medical assistance to Palliative care	(i)	"	5,00,000	2,39,440	13,26,090	"
3	Financial Assistance / Medicines to Chavara Health Centre	(i)	"	25,00,000	16,07,433	97,41,923	"
4	Financial assistance to Govt. / Aided Schools	(ii)	"	30,00,000	53,22,552	1,08,42,957	"
5	Welfare activities surrounding area	(iii)	"	20,00,000	28,52,356	66,83,206	"
6	Rural and Community development projects	(x)	Local area & Alappuzha	20,00,000	-	1,44,98,670	"
7	Financial assistance - Club, Charitable and Infrastructure Development	(i),(ii),(iii),(vii)	Local Area (Kollam Dist.)	47,27,000	**16,99,894**	**2,00,13,047**	"
8	Agricultural activities	(iv)	"	5,00,000	**2,05,612**	**2,05,612**	"
9	COVID 19 Related Expenses	(i)	"	-	**1,30,35,000**	**1,30,35,000**	"
	Total			**2,12,27,000**	**3,23,47,333**	**10,67,26,518**	

*Note:

The Company had budgeted ₹ 212.27 lakhs towards CSR activities for the financial year 2021-22. In addition to this, the unspent amount of ₹ 94.81 lakhs related to previous years was carried forward and spent during the financial year under review. The company has not created or acquired any capital assets / immovable property through CSR amount spent during the financial year.

The Sector of the Schedule VII of the Companies Act, 2013, in which the CSR activities covered are given below;

(i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

(ii) promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

(iii) *promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;*

(iv) *ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;*

(vii) *training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;*

(x) *rural development projects*

6) **CSR Committee Responsibility Statement**

The members of the CSR Committee hereby confirm that the implementation and monitoring of the CSR activities of the Company for the financial year 2021-22 were in compliance with the CSR objectives and CSR Policy of the Company.

Dr. L.V. Muralikrishna Reddy
Chairman of CSR Committee

Sri. Chandrabose J
Member of CSR Committee

ANNEXURE – D

EXTRACT OF ANNUAL RETURN

Form No. MGT-9

(As on the Financial Year ended on 31st March, 21)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

i	CIN	U14109KL1972SGC002399
ii	Registration Date	16.02.1972
iii	Name of the Company	THE KERALA MINERALS AND METALS LIMITED
iv	Category/Sub-category of the Company	Company limited by shares / State Government Company
v	Address of the Registered office & Contact details	Sankaramangalam, Chavara P.O., Kollam Dist., Kerala – 691583 Tele : 0476-2686722 to 733 (12 Lines) Fax : 0476-2680101, website:www.kmml.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company are given under)

Sl. No.	Name & Description of main products	NIC Code of the Product	% to total turnover of the company
1	Titanium Dioxide Pigment	07210	85.88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no Holding, Subsidiary and Associate companies

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS % TO TOTAL EQUITY)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Government of Kerala	-	30,93,262	30,93,262	99.99%	-	30,93,262	30,93,262	99.99%	-
b) Individual	-	10	10	0.01%	-	10	10	0.01%	-
(2) Foreign	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter		30,93,272	30,93,272	100%		30,93,272	30,93,272	100%	
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
Grand Total	**-**	**30,93,272**	**30,93,272**	**100%**	**-**	**30,93,272**	**30,93,272**	**100%**	**-**

ii) Share Holding of Promoters:

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares	% of shares pledged encumbered to total shares	No. of shares	% of total shares	% of shares pledged encumbered to total shares	
1	The Governor of Kerala	30,93,262	99.99%	-	30,93,262	99.99%	-	-
2	Dr. K. Ellangovan IAS, Ex-Chairman	10	0.01%	-	10	0.01%	-	-
	Total:	**30,93,272**	**100%**	-	**30,93,272**	**100%**	-	-

(The Board Meeting held on 30.03.2022 resolved to transfer 10 equity shares of the Company being held by Dr. K. Ellangovan IAS, Ex-Chairman to Sri. Chandrabose J, Managing Director)

iii) Change in Promoters' Shareholding : No change

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) : NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. K. Ellangovan IAS, Ex-Chairman (At the beginning of the financial year)	10	0.01%	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	-	-	-	-
	Dr. K. Ellangovan IAS, Ex-Chairman (At the end of the financial year)	10	0.01%	-	-

(The Board Meeting held on 30.03.2022 resolved to transfer 10 equity shares of the Company being held by Dr. K. Ellangovan IAS, Ex-Chairman to Sri. Chandrabose J, Managing Director)

V. INDEBTEDNESS

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	₹ 1366.24 lakhs	-	-	₹ 1366.24 lakhs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Change in Indebtedness during the financial year:				
Addition	₹ 472.54 lakhs	-	-	₹ 472.54 lakhs
Reduction	-	-	-	-
Indebtedness at the end of the financial year:				
i) Principal Amount	₹ 1838.78 lakhs	-	-	₹ 1838.78 lakhs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	**₹ 1838.78 lakhs**	**-**	**-**	**₹ 1838.78 lakhs**

VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager;

Sl. No	Particulars of Remuneration	Name of the Managing Director	Total Amount (in ₹)
		Sri. Chandrabose J (Managing Director)	
1	Gross Salary: (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	₹ 16,30,505	₹ 16,30,505
	(b) Value of perquisites u/s. 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
	(d) PF Contribution and other benefits	₹ 4,29,157	₹ 4,29,157
2	Others (Stock Option/Sweat Equity / Commission etc.)	-	-
	Total :	**₹ 20,59,662**	**₹ 20,59,662**
	Ceiling as per the Act		

B. Remuneration to other Directors:

Sl No	Particulars of Remuneration	Name of the Chairman / Directors		
		Sri. P. Rajendran (Ex-Director)	Dr. Muralikrishna Reddy (Director)	Total Amount (in ₹)
1	Independent Directors :			
	(a) Fee for attending Board / Committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others	-	-	-
	Total:	-	-	-
2	Other Non- Executive Directors:	-	-	-
	(a) Fee for attending Board / Committee Meetings	₹ 2,000/-	₹ 13,200/-	₹ 15,200/-
	(b) Commission	-	-	-
	(c) Others	-	-	-
	Total:	**₹ 2,000/-**	**₹ 13,200/-**	**₹ 15,200/-**

Note: Sitting fees for Sri. Suman Billa IAS, Chairman, Dr. K. Ellangovan IAS, Ex-Chairman, Sri. M.G. Rajamanickam IAS, Director, and Sri. Anoop S, Director, were remitted to the Finance Dept., Government of Kerala.

C. **Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

As the company was incorporated and classified as Private Company which is a Govt. of Kerala Undertaking, the provisions of Sec. 203(1) of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the appointment of Key Managerial Personnel, is not applicable to this company. However, as per Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014, the company has a whole-time company secretary.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or Officers during the year 2021-22.

For and on behalf of the Board of Directors

Sd/-

Sri. Suman Billa IAS
Chairman
(DIN- 00368821)

Date:

Place: Thiruvananthapuram

CSR AND OTHER WELFARE ACTIVITIES OF THE COMPANY

The company being located in thickly populated area, the primary target of CSR and welfare activities of the company is its surrounding area and wards. However, the company has been extending its CSR and other welfare activities as far as possible to cover the entire community, block, district and state in which the company operates. CSR and other welfare activities of the company are generating the community goodwill and positive social impact. These activities are closely linked with the principle of sustainable development.

Company's CSR activities and welfare activities for the financial year 2020-21 and 2021-22 are given under;

CSR Projects /Medical Camps/ Welfare Programs & Activities

Sl. No.	General Activities	Amount spent (₹) 2021-22	Amount spent (₹) 2020-21
1	Constructing tube well, Pump House, Erection Pump, Connecting tube well in neighbouring wards (Vaduthala, Edappallycotta, Mekkad, Vadakkumthala, Ponmana, Porukkara, Kolam, Vadakkumthala, Kuttivattam, Ponmana)	30003	17500
2	Drinking water supply to the neighbouringwards,Jalanidhi(SLEC)	5053410	8926774
3	Area clearing & Ditch clearing in neighboring wards	1868883	2250571
4	Road formation and filling low-lying & other expense in neighboring wards	130200	284393
5	Financial assistance to treatment/ cancer patient	7385046	4717194
6	Financial assistance to Palliative care	239440	195170
7	Medical camp	771629	638033
8	Financial Assistance / Medicines to Chavara Health Centre	1607433	1593321
9	Financial assistance to Govt./ Aided Schools	5322552	398400
10	Welfare activities surrounding area	2852356	1245241
11	Financial assistance-Other Club/sports, charitable and other institution	1699894	18313153
12	CSR-COVID 19 Related Expenses	13035000	-
13	Agriculture	205612	-
14	Other Misc. & contingency items	2395665	702732
	Total Expenditure	**42597123**	**39282482**

Since the above CSR and welfare activities have been making good impact in the surrounding localities, the company is in a position to maintain a good relationship with the society and community.

सत्यमेव जयते

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II) KERALA, THIRUVANANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KERALA MINERALS AND METALS LIMITED, KOLLAM FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of financial statements of **Kerala Minerals and Metals Limited, Kollam** for the year ended **31 March 2022** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **25 July 2022.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala Minerals and Metals Limited, Kollam** for the year ended **31 March 2022** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of
The Comptroller and Auditor General of India

Dr. BIJU JACOB
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

Thiruvananthapuram
Dated:06.10.2022

INDEPENDENT AUDITORS' REPORT

To

The Members,
The Kerala Minerals and Metals Ltd.,
Sankaramangalam, Chavara, Kollam.

Report on the Audit of the Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **The Kerala Minerals and Metals Limited**, Chavara, (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31st, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2022, the profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Qualified Opinion

(i) Note 10 - Inventories include Stores and Spares amounting to ₹ 10,312.23 lakhs against which a provision of ₹ 416.79 lakhs is maintained for non- moving stores and spares. The Company has not identified the non-moving and obsolete items of stores and spares during the year and restated at their realizable value.

Considering the volume and ageing of items in stores and spares, we are of the opinion that the existing provision of ₹ 416.79 lakhs is inadequate. However, in the absence of estimated realizable value, we are unable to quantify the extent of short provision.

(ii) Note No 7- Non-current Loans and Advances includes ₹ 5211.00 lakhs and Note No.14 Current Loans and advances includes to ₹ 941.71lakhs being loans given to various Government Companies / Societies. Against these loans and advances, the Company has made provision for doubtful advances to the extent of ₹ 384.00 lakhs. Some companies, to whom advance has been given, have even though confirmed the existence of loan in their books of accounts, have expressed their inability to repay the loan at present. During the year, the Company has recognized interest amounting ₹ 58.80 lakhs for the loan given to BHEL-EML and KAL as stated in Note No. 50 E and 50 F.

We are unable to comment on the recoverability of the above loans given to companies / societies based on the letter of confirmation given by the companies / societies and interest thereon booked as receivable, since these confirmations does not specify the repayment schedule of loans given. Therefore, we are unable to express an opinion on the adequacy of the provision and the impact of shortage in provision, if any.

The effect of the qualification given in above two items is not quantifiable/ ascertainable.

(iii) Note 51- As mentioned in this Note, the Company had entered into a contract with Vikram Sarabhai Space Centre (VSSC) for establishment of Titanium Sponge Plant at KMML. As per Clause 10.6 of the contract, VSSC will reimburse the total production cost including 10% profit margin minus the sales proceeds of Grade I, II & III Titanium sponge to KMML during the first 2 years of commercial production or till the stabilized operations of the plant.

In the 47th Joint Project Management Committee (JPMC) meeting held on 19.11.2021 and 21.12.2021, JPMC had declared that the plant has attained stabilized operation on 31.03.2021. This means that for sale of Titanium sponge produced from 01.04.2021, there will not be any reimbursement from VSSC as mentioned above and entire loss, if any, has to be borne by KMML. However, the Company has not accepted the declaration that the plant had attained stabilized operation.

Note 10 - Inventories include 315.933 MT of Grade II Titanium Sponge with value of ₹ 28.43 crores, valued at net realizable value of ₹ 9.00 lakhs per MT on the basis of the 28th JPMC meeting dated 16.07.2012. However, as per the 45th JPMC meeting dated 20.01.2020, sale of non-aerospace Titanium sponge, Grade-II and Grade-III having higher than 1500 ppm which are not suitable for aerospace alloys was fixed at a common price of ₹ 5.50 lakhs per MT.

As per Ind AS-2 "Inventories" para 9, inventories shall be measured at the lower of cost and net realizable value. As per para 7, net realizable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of business. As per para 30, estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

For the Titanium sponge produced up to 31.03.2021, VSSC is liable to reimburse the total production cost including 10% profit margin minus the sales proceeds. In a communication dated 13.09.2021, VSSC had indicated that tentative average workable price for Grade II and III will be ₹ 10.625 lakhs per MT.

Taking these into consideration, in our opinion, valuing the Grade II Titanium sponge produced up to 31.03.2021 at ₹ 9.00 lakhs per MT appears to be reasonable.

However, in our opinion, following the declaration of stabilized operation from 01.04.2021 by JPMC, the production of Grade II & III of sponge from 01.04.2021 has to be valued at ₹ 5.50 lakhs per tonne based on the rate fixed in the 45th JPMC meeting held on 20.01.2020 and also based on the sales effected during the current year.

On account of the above, out of the closing stock of 315.933 MT in Grade-II, 24.305 MT produced during 2021-22 valued at ₹ 5.50 lakhs per MT will be ₹ 1.34 crores, as against Company's valuation of ₹ 2.18 crores at ₹ 9.00 lakhs per MT.

This has resulted in the overstatement of closing stock and profit by ₹ 0.84 crores.

We have conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Standalone Ind AS Financial Statements.

Emphasis of Matter

We draw attention to the following notes in the Notes forming part of accounts

1. Note 10, Inventories include Grade II Titanium Sponge to the extent of ₹ 28.43 crores valued at net realizable value of ₹ 9.00 lakhs per MT. Though there is no active market for the material and no transaction has taken place at this value, as stated in Note 51B, the net realizable value is

estimated on the basis of the amounts fixed by VSSC for calculation of selling price of Grade I material entirely bought by VSSC. As stated in Note 51C, the JPMC set up by the Company and VSSC is yet to arrive at a conclusion in respect of various claims of the Company. These decisions might have a negative impact on this valuation, which is not ascertainable at this stage.

2. Balances under Sundry Creditors, Sundry Debtors, Loans and Advances and Deposits are subject to confirmation, as stated in Note No.65.
3. The Company has advanced loans to various Government Companies/Societies, which remains unpaid to the extent of ₹ 6152.81 lakhs as on 31st March, 2022. As part of requirement under Ind AS 109, these loans have to be measured on a fair value basis. Considering that these loans are given at the instance of the Government of Kerala and the terms of repayment / other terms are not finalised by the Government, it is impracticable to fair value these loans/advances as required by Ind AS 109. Hence, no accounting for unwinding the implicit interest on these interest free loans could be carried out. In the case of interest-bearing advances where the terms of repayment including interest thereon are specified, interest is recognized at the specified percentages. Interest is not recognized on other loans where terms of repayment is not specified, in the absence of certainty of collection as the decision will be based on the order of the Government as disclosed in Note No.50.
4. An amount of ₹ 3,000.00 lakhs is included in Note No. 9 – Other non-current assets, being the advance paid by the Company during the year 2010-11 for shares in Kerala State Textile Corporation Limited. As stated in Note No.50 D, the shares are yet to be issued in the name of the Company and hence classified under Other Non-current Assets.
5. As stated in Note No. 46-F the land acquired and held by the Company with a view to undertake mining activity has not been tested for impairment and the resultant impairment loss, if any, is not provided.

Our opinion is not modified in respect of the above matters.

Information Other than the Standalone Ind AS Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Ind AS Financial Statements and our Auditors' Report thereon. The said other information is expected to be made available to us after the date of this audit report.

Our opinion on the Standalone 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 Standalone 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 Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shareholders.

Responsibilities of Management and those charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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.

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

Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone 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 controls 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 with reference to financial control 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 auditors' report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable;

2. Based on verification of books of accounts of the Company and according to information and explanations given to us, we give in "Annexure B" a report on the directions issued by The Comptroller and Auditor General of India in terms of sub-section (5) of Section 143 of the Companies Act, 2013.

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

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

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

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

   d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect in the functioning of the Company.

   f) As per Notification No. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of sub-section (2) of section 164 of the Act, regarding disqualification of directors, are not applicable to the Company, since it is a Government Company.

   g) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company with reference to the Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure C".

h) As per Notification No. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of sub-section 197 of the Act, regarding remuneration to Directors, are not applicable to the Company, since it is a Government Company.

i) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact of pending litigations on its financial position in the Standalone Ind AS Financial Statements – Refer Note 40.

   ii) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

For **K Venkatachalam Aiyer & Co.**
Chartered Accountants
FRN: 004610S

CA Roopesh.R
Partner (M.No.228891)
UDIN: 22228891AOHFTW8409

Place: Thiruvananthapuram
Date: 25th July, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF THE KERALA MINERALS AND METALS LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2022

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of **The Kerala Minerals and Metals Limited** ("the Company") on the Standalone Ind AS Financial Statements as of and for the year ended March 31st, 2022]:

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that

i. In respect of the Company's Property, Plant & Equipment and Intangible Assets:

a) A) The Company has maintained proper records showing full particulars, including quantitative details, except situation of Property, Plant & Equipment.

B) The Company has not maintained proper records showing full particulars of intangible assets.

b) Major portion of the Property, Plant & Equipment have been stated to be physically verified by the Management during the year and are not observed by us. However, we report that the physical verification has to be done on a systematical order and the procedure needs to be strengthened. Since the physical verification report has not been reconciled with PPE register we are unable to comment on any material discrepancy noticed on such verification.

c) The Company has not maintained complete records for all the immovable properties disclosed in the Financial Statements. It has submitted copies of some of the title deeds for the immovable properties held in its name. However, the aggregate value as per the available title deeds could not be reconciled with the value of land as per the financial statements. Hence, we are not able to provide the required details in respect of immovable properties, if any, which are not held in the name of the Company.

We have been informed that the original title deeds of immovable properties of 7198.05 ares (Sy. No.202/1 in Panmana Village, Karunagapally) are pledged with bank as collateral security for availing loan for which bank has given a certificate.

d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company as at March 31st, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. a) The inventories have been physically verified by the Company as at year-end. We are informed that it has installed a system of perpetual inventory for stores and spares and raw materials. It had examined the entire raw-materials, stores and spares costing more than ₹ 4000. In our opinion the Company has to implement a regular programme for verification of inventories of raw material including Raw sand, in which the frequency of verification shall be determined by an A-B-C classification. The system of continuous verification of stores and spares needs further strengthening to ensure that all items in stock are verified at reasonable intervals. Since the physical verification report has not been reconciled with stock register, we are unable to comment on any material discrepancy noticed on such verification.

b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has been sanctioned working capital limits in excess of ₹ 5.00 crores, in aggregate, during the year, from banks on the basis of security of current assets. The Company has filed monthly stock statements with the bank. With the available records we are not in a position to verify whether they are in agreement with the books of accounts.

iii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties, except providing interest free, unsecured bridge loan to Kerala Electrical and Allied Engineering Company Limited. Details of the loan is given in sub-clause (B) below.

A) Company has no subsidiaries, joint ventures or associates. Accordingly, clause 3(iii)(a)(A) of the Order is not applicable.

B) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loan to a party other than subsidiaries, joint ventures or associates as given below:

Particulars	Loan
Aggregate amount provided during the year – Others	₹ 1.50 crores
Balance outstanding as at balance sheet date – Others	NIL

b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given during the year are, primafacie, not prejudicial to the interest of the Company, except that it is unsecured and without interest.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given during the year, the repayment of principal has been stipulated and the repayments or receipts have been regular.

d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given during the year.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.

f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans during the year either repayable on demand or without specifying any terms or period of repayment.

iv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

vii. In respect of Statutory dues;

a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1st July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes, except for the following:

Name of statute	Nature of dues	Amount [₹ In lakhs]	Period to which the amount relates	Forum where dispute is pending
Customs Act	Short levy of customs duty due to wrong classification as per customs tariff	1.61	March 2006	CESTAT Bangalore
The Kerala General Sales tax Act 1964	Sales tax dues	3.72 2.92 0.67 1.16 0.08	1984-85 1985-86 1986-87 1987-88 1988-89	Supreme Court
		0.05	1998-99	Assistant Commissioner Special Circle, Kollam. D.C. (Appeals)
Income tax Act, 1961	Income tax demand	118.88	AY 2002-03	Hon'ble High Court of Kerala
		31.38	AY 2008-09	CIT(A),Thiruvananthapuram
		35.91	AY 2010-11	CIT(A),Thiruvananthapuram
		251.43	AY 2011-12	CIT(A),Thiruvananthapuram
		550.74	AY 2012-13	CIT(A),Thiruvananthapuram
		833.39	AY 2013-14	CIT(A),Thiruvananthapuram
		144.29	AY 2014-15	CIT(A),Thiruvananthapuram
		29.69	AY 2015-16	ACIT Thiruvananthapuram
		581.66	AY 2016-17	CIT(A),Thiruvananthapuram
		431.67	AY 2017-18	CIT(A),Thiruvananthapuram
		61.67	AY 2018-19	CIT(A),Thiruvananthapuram

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

ix. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any lender.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

c) According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.

d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

e) Company has no subsidiaries, joint ventures or associates. Accordingly, clause 3(ix)(e) of the Order is not applicable.

f) Company has no subsidiaries, joint ventures or associates. Accordingly, clause 3(ix)(f) of the Order is not applicable.

x. a) According to the information and explanations given to us, during the year, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

xi. a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company. Accordingly reporting under of clause 3(xii)(a), (b), (c) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.

xiv.(a) Based on information and explanations provided to us, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable.

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

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

c) The Company is not a core investment company as defined in the Core Investment Companies (Reserve Bank) Directions, 2016, Accordingly reporting under clause 3(xvi)(c) of the Order is not applicable.

d) The Company is not a core investment company as defined in the Core Investment Companies (Reserve Bank) Directions, 2016. Accordingly reporting under clause 3(xvi)(d) of the Order is not applicable

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

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

xx. a) The company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months from the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report.

b) The Company has no ongoing projects and hence the provision of sub-section (6) of section 135 of the said Act is not applicable.

xxi. Since there is no Consolidated Financial statement, clause 3(xxi) is not applicable.

For **K Venkatachalam Aiyer & Co.**
Chartered Accountants
FRN: 004610S

CA Roopesh.R
Partner (M.No.228891)
UDIN: 22228891AOHFTW8409

Place: Thiruvananthapuram
Date: 25th July, 2022

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF THE KERALA MINERALS AND METALS LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2022

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

General Directions under Sub-section (5) of section 143 of the Companies Act, 2013 Applicable from the year 2020-21 and onwards

Sl No	C & AG Directions	Observations/findings	Impact on Accounts and Financial Statements of the Company
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed/carried outside the IT system. Accordingly, there are no implications on the integrity of the accounts.	N.A.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?	There is no case of waiver/write off of debts/loans/interest etc. made by lender.	N.A
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central / State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Company has received ₹ 4.37 Cr from Government of Kerala as special assistance towards the upgradation of new oxygen generation plant to produce an additional 3-3.5MT of liquid oxygen in the wake of Covid-19 crisis and also for procurement of compressor.	Out of the total grant received, ₹ 3.48 Cr is used for the oxygen plant and adjusted against the asset capitalized during the year in compliance with Ind AS20. Balance of ₹ 0.89 Cr is shown under "other Payables" as procurement of compressor work is still in progress.

Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013 - Manufacturing Sector

Sl No	C&AG Sub directions	Observations /findings	Impact on Accounts and Financial Statements of the Company
1	Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	Company's pricing policy is market driven and the pricing is fixed by the committee constituted for the purpose. As per the explanation given to us,	N A

		the pricing policy only ensures that price of the product in all cases is above the variable cost and a competitive price is offered to customers.	
2	Whether the Company has utilized the Government Assistance for Technology up gradation/modernization of its manufacturing process and timely submitted the utilization certificates?	Company has received ₹ 4.37 Cr from Government of Kerala as special assistance towards the upgradation of new oxygen generation plant to produce an additional 3-3.5MT of liquid oxygen in the wake of Covid-19 crisis and also for procurement of compressor.	Out of the total grant received, ₹ 3.48 Cr is used for the oxygen plant and adjusted against the asset capitalized during the year in compliance with Ind AS20. Balance of ₹ 0.89 Cr is shown under "other Payables" as procurement of compressor work is still in progress.
3	Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence?	The normal loss, if any is absorbed as part of cost of production. As per the information received from management, the Company have a daily system of review of production process and abnormal issues if any, will be addressed and remedial action will be taken immediately.	N A
4	What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy.	Finished goods and by-products are valued at cost or net realizable value whichever is lower. Costs for this purpose are arrived at on the basis of FIFO method. Finished goods in transit for export are valued at subsequently realizable price if they are lower than the cost.	N A
5	Whether the effect of deteriorated stores and spares of closed units, if any has been properly accounted for in the books?	There are no such cases	N A
6	Whether the Company has effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage/ excess noticed during physical verification.	The inventories have been physically verified by the Management as at year-end. Management has installed a system of perpetual inventory for stores and spares and raw materials. Company had examined the entire raw-materials, stores and spares costing more than ₹ 4000. Stock of Raw materials, chemicals, Fuel, stores and spares are valued at weighted average cost. Work in progress is valued at cost plus conversion	Inventories include Stores and Spares amounting to ₹ 10,312.23 lakhs against which a provision of ₹ 416.79 lakhs is maintained for non- moving stores and spares. The Company has not identified the non-moving and obsolete items of stores and spares during the year and restated at their realizable value. Considering the volume and ageing of items in stores and spares, we are of the opinion that the existing provision of

		cost, as applicable. Finished goods are valued at cost or net realisable value, whichever is lower on the basis of FIFO method. Finished goods in transit for export are valued at subsequently realizable price, if they are lower than the cost. During the year Company has not conducted the process of identification of Non-moving and obsolete stores and spares. However, company has maintained a provision of ₹ 416.79 lakhs only against such non-moving items. The realizable value of the identified non-moving items has not been ascertained and necessary provision has not been created against the consequent diminution, if any. In our opinion, the provision made is not adequate considering the volume and ageing of such items and the physical verification process need to be strengthened.	₹ 416.79 lakhs is inadequate. However, in the absence of estimated realizable value, we are unable to quantify the extent of short provision. Since the physical verification report has not been reconciled with stock register, we are unable to comment on any material discrepancy noticed on such verification.
7	State the extent of utilization of plant and machinery during the year vis-a-vis installed capacity.	All the Plants were working throughout the year continuously, except during the shut done period on account of annual maintenance. But most of the final products do not achieve the installed capacity levels of the Plants. *Installed Capacity (In MTs)* Titanium Dioxide - 40,000 Ilmenite - 61,600 Rutile - 4,400 Zircon - 6,500 Titanium Sponge - 500 Tickle - 92,150 BI - 55,000 *Capacity Utilisation (%)* Titanium Dioxide - 87.73 Ilmenite - 58.48 Rutile - 33.50	N.A

		Zircon - 27.66 Titanium Sponge - 30.80 Tickle - 92.88 BI - 81.70 *Production (In MTs)* Titanium Dioxide - 35,092 Ilmenite - 36,022 Rutile - 1474 Zircon - 1798 Titanium Sponge - 154 Tickle - 85,593 BI - 44,934	
8	Report on the cases of discount/ commission in regard to debtors and creditors where the Company has deviated from its laid down policy.	The discount allowed during the year 2021-22 is ₹ 4822.76 lakhs. According to the explanation given to us, the discount given is due to the competition in the market, especially due to the low priced competitive products from China. The system of giving discounts to promote sales presently followed by the Company is reasonably fair so far as the discount structure is decided in the monthly meeting of Pricing Committee consisting Functional heads and approved by Managing Director. The Marketing Department issues notes on a monthly basis to all sales outlets and Finance Department for their information.	N A

For **K Venkatachalam Aiyer & Co.**
Chartered Accountants
FRN: 004610S

CA Roopesh.R
Partner (M.No.228891)
UDIN: 22228891AOHFTW8409

Place: Thiruvananthapuram
Date: 25th July, 2022

Annexure C to the Independent Auditors' Report of even date to the members of The Kerala Minerals and Metals Limited on the Standalone Ind AS Financial Statements for the year ended March 31st, 2022

Independent Auditors' 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 **The Kerala Minerals and Metals Limited** ('the Company') as of 31st March 2022 in conjunction with our audit of the Standalone 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 controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the Standalone 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 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 Standalone 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 the 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 Standalone Financial Statements.

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2022:

a) The internal control system in place towards maintenance of records regarding quantitative details and situation of fixed assets and regular program for physical verification of fixed assets including land, is not commensurate with the nature and size of the company;

b) The Company does not have a regular program for verification of inventory of raw materials in which the frequency of verification is determined by an A-B-C classification. The system of continuous verification of stores and spares needs further strengthening to ensure that an item is verified at least once in a year;

c) The records relating to physical verification of inventory is inadequate to evaluate the discrepancies, if any between physical stock and stock as per books and for making appropriate entries in the books of accounts.

d) The internal control towards stock and consumption of Raw sand needs to be strengthened.

e) Internal control system regarding fixation of purchase levels of materials stores and spares and identification of slow moving, damaged and obsolete items, does not commensurate with the nature and size of the company.

f) The internal control regarding review of long pending advances, deposits, trade payables and receivables and review of provisions or write off of bad and doubtful items needs further strengthening.

g) The present software used by the Company is not integrated with all the activities and also all plants of the Company. It is suggested that an ERP system is implemented so that all transactions originating in the Company are integrated. It is observed that at present there is no provision for audit trail in the existing software. Since audit trail is mandatory w.e.f 01.04.2023 suitable changes may be effected in the present software.

h) Accounts coming under MSME category should be properly monitored so that all conditions as per MSMED Act are strictly complied. It is noticed that in all the cases marked as MSME, the registration number is not available in many cases. The periodical returns to be filed under MSME Act is also not being filed.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2022, 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 **K Venkatachalam Aiyer & Co.**
Chartered Accountants
FRN: 004610S

CA Roopesh.R
Partner (M.No.228891)
UDIN: 22228891AOHFTW8409

Place: Thiruvananthapuram
Date: 25th July, 2022

BALANCE SHEET AS AT 31ST MARCH 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Notes	As at 31st March 2022	As at 31st March 2021
ASSETS			
Non-current Assets			
Property, plant and equipment	4	36,093.89	35,628.53
Other Intangible assets	4 A	10.53	3.42
Capital work in progress	5	1,942.71	1,151.63
Financial Assets			
i)Investments	6	345.12	531.69
ii)Loans	7	4,827.00	4,827.00
iii)Non current Financial assets	8	33,241.44	134.00
iii)Other non-current Financial assets	8 A	3,397.42	3,362.89
Other Non-current Assets	9	5,780.72	5,216.41
Total Non-current Assets		**85,638.83**	**50,855.57**
Current assets			
Inventories	10	31,032.04	23,301.10
Financial assets			
i) Trade receivables	11	13,576.37	15,680.63
ii) Cash and cash equivalents	12	32.14	71.75
iii) Bank balances other than (ii) above	13	8,255.66	21,274.08
iv) Loans	14	941.71	1,303.97
Other Current Assets	15	3,373.18	2,507.69
Total Current Assets		**57,211.10**	**64,139.22**
Total Assets		**142,849.93**	**114,994.79**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	3,093.27	3,093.27
Other equity	17	106,267.59	85,156.23
Total equity		**109,360.86**	**88,249.50**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Provisions	18	13,983.96	8,915.35
Deferred Tax Liabilities (net)	19	435.28	1,285.49
Total Non-Current Liabilities		**14,419.24**	**10,200.84**
Current Liabilities			
Financial Liabilities			
i)Borrowings	20	1,838.78	1,366.24
ii)Trade payables	21		
Outstanding Dues to MSME		1,844.70	708.85
Outstanding Dues to Creditors other than above		5,535.67	5,448.04
iii)Other Financial Liabilities	22	2,142.59	2,170.48
Provisions	23	1,471.63	1,260.34
Other Current Liabilities	24	6,236.45	5,590.50
Total Current Liabilities		**19,069.82**	**16,544.45**
Total Liabilities		**33,489.06**	**26,745.29**
Total Equity and Liabilities		**142,849.93**	**114,994.79**

The accompanying Notes (Note No. 1 to 78) form an integral part of the Financial Statements

For and on behalf of the Board

As per our report of even date attached
K VENKATACHALAM AIYER & CO.
Chartered Accountants
FRN 004610S

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandrabose J	**Anoop. S**	**V Anilkumar**	**Jaison Thomas**	**Roopesh R**
Managing Director	Director	DGM	Company	Partner
DIN : 07690271	DIN : 03399884	(Finance)	Secretary	Mem. No. 228891

Place : Thiruvananthapuram, India
Date : 25.07.2022

Statement of Profit and Loss for the year ended 31st March 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		Notes	2021-22	2020-21
Continuing Operations				
A	**Income**			
	Revenue from operations	25	105,826.09	78,357.57
	Other income	26	3,599.35	2,273.06
	Total income		**109,425.44**	**80630.63**
B	**Expenses**			
	Cost of materials consumed	27	21,440.04	18055.41
	"Changes in inventories of work-in-progress, stock in trade and finished goods"	28	(4,526.28)	2365.74
	Employee Benefits Expense	29	23,564.62	20773.66
	Depreciation and amortisation expense	30	2,000.47	1806.85
	Impairment Losses	30A	186.57	(1.10)
	Other expenses	31	35,710.97	25918.89
	Finance cost	32	82.78	161.51
	Total expenses		**78,459.17**	**69080.96**
C	**Profit before exceptional items and tax**		30,966.26	11,549.68
	Exceptional items	33	(56.26)	-
D	**Profit/ (Loss) before tax from continuing operations**		**30,910.01**	**11,549.68**
E	**Income tax expense**	34		
	Current tax		8,832.41	2,712.58
	Deferred tax (credit)/ charge		(612.95)	308.66
	Total Tax Expenses		**8,219.46**	**3,021.24**
F	**Profit/ (Loss) for the year**		**22,690.55**	**8,528.44**
G	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss	34(a)		
	Remeasurement of post employment benefit obligations	34(b)	(2,067.23)	(139.03)
	Income tax relating to these items	34(c)	520.28	34.99
	Other comprehensive income for the year, net of tax		**(1,546.95)**	**(104.04)**
H	**Total comprehensive income/ (Loss) for the year**		**21,143.60**	**8,424.40**
I	**Earnings per share for continuing operations**	35		
	Basic earnings per share (In ₹)		733.61	275.71
	Diluted earnings per share (in ₹)		733.61	275.71

The accompanying Notes (Note No. 1 to 78) form an integral part of the Financial Statements

For and on behalf of the Board

As per our report of even date attached
K VENKATACHALAM AIYER & CO.
Chartered Accountants
FRN 004610S

Sd/- **Chandrabose J** Managing Director DIN : 07690271	Sd/- **Anoop. S** Director DIN : 03399884	Sd/- **V Anilkumar** DGM (Finance)	Sd/- **Jaison Thomas** Company Secretary	Sd/- **Roopesh R** Partner Mem. No. 228891

Place : Thiruvananthapuram, India
Date : 25.07.2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flow From Operating Activities		
Profit before income tax	30,910.02	11,549.69
Adjustments for		-
Depreciation and amortisation expense	2,000.47	1,806.84
Previous year adjustments in P & L account	-	-
Land to be returned to land owners	56.26	-
(Profit)/ Loss on sale of fixed asset	(2.60)	(2.24)
Capital WIP transferred to revenue account		-
Fair Value changes of investments considered through profit and loss	186.57	(1.10)
Interest received	(2,746.97)	(1,740.52)
Finance costs	82.78	161.51
	30,486.53	**11,774.18**
Change in operating Assets and Liabilities		
(Increase)/ decrease in Loans and Advances	-	-
(Increase)/ decrease in Other Financial assets	(32,779.71)	824.79
(Increase)/ decrease in Inventories	(7,730.95)	908.71
(Increase)/ decrease in Trade receivables	2,104.25	(4,598.44)
(Increase)/ decrease in Other Assets	(9,958.06)	(780.69)
Increase/ (decrease) in Provisions and Other liabilities	12,369.86	(3,340.49)
Increase/ (decrease) in Trade payables	1,223.49	(283.95)
Cash generated from operations	**(4,284.60)**	**4,504.11**
Less : Income taxes paid (net of refunds)	(8,581.12)	(2,404.27)
Net cash from/ (used in) operating activities (A)	**(12,865.73)**	**2,099.84**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(3,317.84)	(2,333.97)
Sale proceeds of PPE (including changes in CWIP)	-	3.13
(Purchase)/ disposal proceeds of Investments	-	-
(Investments in)/ Maturity of fixed deposits with Banks	13,018.42	(2,234.80)
Interest income	2,735.79	1,817.88
Net cash from/ (used in) investing activities (B)	**12,436.36**	**(2,747.76)**
Cash Flows From Financing Activities		
Proceeds from issue of equity share capital (net of share application money)		
Proceeds from/ (repayment of) short term borrowings	472.54	849.89
Payment of dividend		-
Finance costs	(82.78)	(161.51)
Net cash from/ (used in) financing activities (C)	**389.75**	**688.38**
Net increase (decrease) in cash and cash equivalents (A+B+C)	(39.61)	40.46
Cash and cash equivalents at the beginning of the Financial year	71.75	31.29
Cash and cash equivalents at end of the year	**32.14**	**71.75**

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
2. Components of cash and cash equivalents

Balances with banks		
- in current accounts /debit balance in CC account / Fixed deposits	28.28	70.70
- in Deposits with Banks(TSB)	3.86	0.96
Cash in hand	-	0.09
	32.14	71.75

For and on behalf of the Board

As per our report of even date attached
K VENKATACHALAM AIYER & CO.
Chartered Accountants
FRN 004610S

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandrabose J	**Anoop. S**	**V Anilkumar**	**Jaison Thomas**	**Roopesh R**
Managing Director	Director	DGM	Company	Partner
DIN : 07690271	DIN : 03399884	(Finance)	Secretary	Mem. No. 228891

Place : Thiruvananthapuram, India
Date : 25.07.2022

Statement of Changes in Equity for the year ended 31st March, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the end of March 31, 2021	3,093.27
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	3,093.27
Balance at the end of March 31, 2020	3,093.27
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance at the end of March 31, 2021	3,093.27
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance at the end of March 31, 2022	3,093.27

(B) Other Equity (Current Year)

Particulars	Reserves and Surplus			Other Comprehensive Income-Remeasurement of Employee Benefits	Total
	General Reserve	Capital Reserve	Retained Earnings		
Balance as at March 31, 2021	**20,750.11**	**-**	**66,307.61**	**(1,901.49)**	**85,156.23**
Changes in Accounting Policy or Prior Period Errors	**-**	**-**	**(32.24)**	**-**	**(32.24)**
Restated balance at the beginning of the reporting period	**20,750.11**	**-**	**66,275.37**	**(1,901.49)**	**85,123.99**
Total Comprehensive income for the year			**22,690.54**	**(1,546.95)**	**21,143.59**
Transfer to Retained Earnings					**-**
Dividend and Dividend Distribution tax			**-**		**-**
Balance as at March 31, 2022	**20,750.11**	**-**	**88,965.91**	**(3,448.44)**	**106,267.58**

Other Equity (Previous Year)

Particulars	Reserves and Surplus			Other Comprehensive Income-Remeasurement of Employee Benefits	Total
	General Reserve	Capital Reserve	Retained Earnings		
Balance as at March 31, 2020	**20,750.11**	**-**	**57,779.18**	**(1,797.45)**	**76,731.83**
Changes in Accounting Policy or Prior Period Errors	**-**	**-**	**-**	**-**	**-**
Restated balance at the beginning of the reporting period	**20,750.11**	**-**	**57,779.18**	**(1,797.45)**	**76,731.83**
Total Comprehensive income for the year		**-**	**8,528.43**	**(104.04)**	**8,424.40**
Transfer to Retained Earnings		**-**	**-**	**-**	**-**
Dividend and Dividend tax		**-**	**-**		**-**
Balance as at March 31, 2021	**20,750.11**	**-**	**66,307.61**	**(1,901.49)**	**85,156.23**

The accompanying Notes (Note No. 1 to 78) form an integral part of the Financial Statements

For and on behalf of the Board

As per our report of even date attached
K VENKATACHALAM AIYER & CO.
Chartered Accountants
FRN 004610S

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandrabose J	**Anoop. S**	**V Anilkumar**	**Jaison Thomas**	**Roopesh R**
Managing Director	Director	DGM	Company	Partner
DIN : 07690271	DIN : 03399884	(Finance)	Secretary	Mem. No. 228891

Place : Thiruvananthapuram, India
Date : 25.07.2022

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

1 Corporate Information

Kerala Minerals and Metals Limited (KMML) is a wholly owned State Government Company. It is the only fully integrated Titanium dioxide pigment plant in the world. Presently the Company has the following three units-

a) Mineral Separation unit - engaged in the separation of valuable minerals like ilmenite, rutile, zircon and sillimanite from beach sand;

b) “Titanium pigment unit - manufacture of Titanium dioxide pigment; and”

c) Titanium Sponge unit - A unit established with Financial/Technical assistance of ISRO/ DRDO for the manufacture of Titanium sponge. With the commissioning of the plant, India became the 7th country in the world possessing this technology.

2 Basis of preparation of financial statements

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time. The Company has prepared the Financial Statements to comply in all material aspects with Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 besides the pronouncements/ guidelines of the Institute of Chartered Accountants of India. The Financial Statements have been prepared on an accrual basis.

The Financial Statements have been prepared on a going concern basis using historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount:

a) Derivative Financial Instruments

b) Certain Financial assets and liabilities measured at fair value (refer accounting policy regarding Financial Instruments)

These Financial Statements are presented in INR and values are rounded off to nearest lakhs except when otherwise indicated.

These Financial Statements are approved for issue by Board of Directors on 25.07.2022

Use of estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the Financial Statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-current classification.

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as Non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 3 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

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

i) In the principal market for the asset or liability;

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

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

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

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

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

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

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non-recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant Notes.

c) Revenue Recognition

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the Government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

The Company has adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue.

Export sales are accounted on the basis of date of Bill of Lading. Benefits from export sales are accounted on due basis on the FOB value of the total export made during the year.

Interest Income

Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the Financial instrument or a shorter period, where appropriate, to the gross carrying amount of the Financial asset or to the amortised cost of a Financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the Financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. In the case of loan given to PSUs, penal interest is recognised only on receipt basis.

Dividend income

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress

Property, plant and equipment and Capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each Balance Sheet date, are disclosed as Capital Advances under Long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as Capital work in progress.

Revenue expenses and revenue receipts incurred in connection with project implementation in so far as such expense relate to the period prior to the commencement of commercial production are treated as part of project cost and capitalised.

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Land acquired for mining purposes are accounted as fixed assets at cost. The cost includes cost of land, building, goodwill and all other connected expenses. After the extraction of minerals the land is filled with tailing sand and restored to original position. Hence, there is no depletion in the value of land due to mining. Institute of Chartered Accountants of India concurred with the accounting policy followed by the Company. Loss of Land if any due to sea erosion will be ascertained once in three years and provided in the accounts in the respective years on the basis of average cost of purchases which includes cost of land, building, goodwill and all other connected expenses. Land redeemed if any, as per survey, out of the area already provided for will be written back in the accounts in the respective years on the same basis if the recovered land is minable. Provision for land acquired under the condition that equivalent area of land and incremental value for buildings will be given back to the land owners after mining within a period of three years shall be made on the basis of average cost of purchase which includes cost of land, building, goodwill and all other connected expenses from the year in which the scheme was implemented as exact area/ value of land to be given back is not ascertainable. The difference in value, if any, will be suitably adjusted during the year in which the land is returned. Capitalisation of land is done only after the payment is given to the land owners and the registration is affected.

Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is provided on the basis of useful life of the asset as prescribed in Schedule II of section 123 of the Companies Act 2013. Depreciation on Plant and Machinery of Titanium

Pigment (TP) unit is provided on straight line basis as continuous process plant, (with useful life of 25 years) railway siding and computers of TP unit also on straight line method. Depreciation on plant and machinery of Mineral Separation (MS) unit not being continuous process plant is provided on written down value method as triple shift operations with useful life of 15 years. In the case of stores & spares having useful life more than one year and categorised as Plant & Machinery, depreciation is calculated on the basis of useful life certified by the concerned Technical Department. Depreciation of all other assets of the Company is provided on written down value method. Additions to fixed assets, costing ₹ 5000 each or less are fully depreciated retaining its residual value.

Depreciation on additions to PPE and sale of PPE are provided on pro-rata basis.

The useful lives considered for depreciation of PPE are as follows:

Assets Category	**Estimated useful life (in years)**
Buildings	30
Continuous processing plant	25
Plant and Machinery	15
Furniture and Fixtures, Laboratory Equipments, telephone, Roads and Bridges	10
Vehicles	8
Computer software	6
Office equipment, Library, Canteen Utensils, Hospital Equipments and Water Supply	5
Computers and accessories	3

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each Financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The useful life of patent is taken as 20 years and straight line method is used for amortisation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost of raw materials is determined using the weighted average method and includes freight, taxes and duties, net of duty credits wherever applicable.

Work in Progress is valued at cost plus conversion cost as applicable.

Finished goods are valued at cost and net realisable value whichever is lower. Costs for this purpose are arrived at on the basis of FIFO method. Finished goods in transit for export are valued at subsequently realisable price if they are lower than cost. GST on goods manufactured is accounted for on dispatch of the same.

In respect of finished goods and work in progress, cost includes all direct costs and applicable manufacturing overheads incurred in bringing them to their present location and condition.

The sludge available at the Effluent plant and iron oxide plant is not categorised as our main product or by-product. These are waste arising from the manufacturing activity. As per Ind AS-2 “Inventories”, stock may be valued at cost or market price whichever is lower. Since the cost attributable to waste is zero, the question of valuation does not arise. Moreover as per Ind AS, waste does not come under the definition of inventory. Hence the sludge available at Effluent plant and Iron Oxide pond is not recognised in the books of accounts.

h) Foreign currency transactions and translations

The Company’s Financial Statements are presented in INR, which is also the Company’s functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

i) Government Grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised by deducting the grant in arriving at the carrying amount of the asset as per the para 24 of Ind As - 20, Accounting for Government Grants and disclosure of Government Assistance.

j) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for Financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

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 profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k) Retirement and other employee benefits

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 and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

l) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

m) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

n) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is 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.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the Management. Provision for abandoned projects are made in the accounts only on conclusion arbitration proceedings/awards. Provision for loan given to other PSUs are made only based on Government directions in this regard.

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 beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their Financial effect.

o) Financial Instruments

Financial assets

Initial recognition and measurement

All Financial assets are recognised initially at fair value plus, in the case of Financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial asset. Purchases or sales of Financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, Financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

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

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. For more information on receivables, refer to Note 43.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the Financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Derecognition

A Financial asset is primarily derecognised 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 on the following Financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another Financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a Financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the Financial instrument (including prepayment, extension, call and similar options) over the expected life of the Financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head ‘other expenses’ in the profit and loss. The balance sheet presentation for various Financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- **Debt instruments measured at FVTOCI:** Since Financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as ‘accumulated impairment amount’ in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines Financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as Financial liabilities at FVTPL and as at amortised cost.

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

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

The Company's Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, Financial guarantee contracts and derivative Financial instruments.

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include Financial liabilities held for trading and Financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative Financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has designated Derivative Financial Liability at fair value through profit and loss.

Derecognition of financial liabilities

A Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing Financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of Financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for Financial assets which are equity instruments and Financial liabilities. For Financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior Management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies Financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Sl.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

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.

Derivative Financial Instruments

As per Ind AS 109 the entity is not mandated to apply Hedge Accounting for Derivative Financial Instruments. Hence all derivative contracts is accounted based on the provisions w.r.t Derivative Accounting as mandated in Ind AS 109 and Hedge Accounting is not adopted. Derivative Financial Instruments are treated as a Financial liability/asset held for trading and the loss / gain arising on Fair value measurement is routed through the Statement of Profit and Loss.

p) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at Bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

Notes to Financial Statements for the year ended March 31, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible Assets 2021-22																	Total
	Land	Building	Light Railway	Plant and Machinery (TP)	Plant and Machinery (MS)	Furniture & Fittings	Electrical Fittings	Office Equipment & Mobile phones	Vehicles	Library	Laboratory Equipment	Canteen Utensils	Hospital Equipment	Water Supply	Telephone (PABX)	Roads & Bridges	Computer Software	
Cost as at March 31, 2021	**18,749.26**	**2,415.47**	**0.05**	**21,887.04**	**2,493.93**	**207.47**	**335.62**	**92.79**	**791.25**	**0.24**	**25.15**	**27.43**	**0.35**	**42.20**	**8.74**	**46.25**	**43.37**	**47,166.61**
Additions	444.01	34.72	-	1,813.73	28.02	22.93	15.36	20.60	82.71		-	5.66	-	0.30	-	45.64	-	2,513.68
Disposals		-	-	0.76	-	-	-		1.77		-		-				-	2.53
Provision for returnable Land	3,364.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,364.61
Cost as at March 31, 2022	**15,828.66**	**2,450.19**	**0.05**	**23,700.01**	**2,521.95**	**230.40**	**350.98**	**113.39**	**872.19**	**0.24**	**25.15**	**33.09**	**0.35**	**42.50**	**8.74**	**91.89**	**43.37**	**46,313.15**
Accumulated Deprecia-tion As at March 31, 2021	**-**	**1,219.53**	**-**	**4,290.52**	**1,708.29**	**144.54**	**204.09**	**66.60**	**485.39**	**-**	**19.86**	**20.11**	**0.10**	**23.66**	**7.35**	**21.79**	**7.52**	**8,219.35**
Depreciation for the year	-	114.36	-	1,489.81	196.20	17.96	36.69	17.35	100.59	-	1.10	2.89	0.06	4.80	-	4.01	14.09	1,999.91
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Deprecia-tion As at March 31, 2022	**-**	**1,333.89**	**-**	**5,780.33**	**1,904.49**	**162.50**	**240.78**	**83.95**	**585.98**	**-**	**20.96**	**23.00**	**0.16**	**28.46**	**7.35**	**25.80**	**21.61**	**10,219.26**
Net Carrying amount as at March 31, 2022	**15,828.66**	**1,116.30**	**0.05**	**17,919.68**	**617.46**	**67.90**	**110.20**	**29.44**	**286.21**	**0.24**	**4.19**	**10.09**	**0.19**	**14.04**	**1.39**	**66.09**	**21.76**	**36,093.89**

Particulars	Tangible Assets 2020-21																	Total
	Land	Building	Light Railway	Plant and Machinery (TP)	Plant and Machinery (MS)	Furniture & Fittings	Electrical Fittings	Office Equipment & Mobile phones	Vehicles	Library	Laboratory Equipment	Canteen Utensils	Hospital Equipment	Water Supply	Telephone (PABX)	Roads & Bridges	Computer Software	
Cost as at March 31, 2020	**18,745.36**	**2,273.66**	**0.05**	**15,321.24**	**2,218.35**	**183.81**	**308.28**	**76.80**	**730.47**	**0.24**	**24.27**	**22.57**	**0.36**	**42.04**	**8.74**	**46.25**	**3.86**	**40,006.35**
Additions	3.90	141.81	-	6,555.25	275.58	23.66	27.34	15.98	61.67		0.88	4.86		0.15			39.51	7,150.59
Disposals		-	-	-	-	-	-		0.89		-		-			-	-	0.89
Ind AS adjustments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for returnable Land	3,308.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,308.35
Cost as at March 31, 2021	**15,440.91**	**2,415.47**	**0.05**	**21,876.49**	**2,493.93**	**207.47**	**335.62**	**92.78**	**791.25**	**0.24**	**25.15**	**27.43**	**0.36**	**42.19**	**8.74**	**46.25**	**43.37**	**43,847.70**
Accumulated Deprecia-tion As at March 31, 2020	**-**	**1,109.62**	**-**	**3,053.16**	**1,445.24**	**126.57**	**164.06**	**53.01**	**380.17**	**-**	**18.27**	**17.45**	**0.02**	**17.27**	**7.19**	**19.23**	**1.26**	**6,412.52**
Depreciation for the year	-	109.91		1,237.36	263.05	17.97	40.03	13.59	105.21		1.60	2.66	0.08	6.38	0.16	2.57	6.26	1,806.83
Disposals	-																	-
Reversal																		-
Accumulated Deprecia-tion As at March 31, 2021	**-**	**1,219.53**	**-**	**4,290.52**	**1,708.29**	**144.54**	**204.09**	**66.60**	**485.38**	**-**	**19.87**	**20.11**	**0.10**	**23.65**	**7.35**	**21.80**	**7.52**	**8,219.35**
Net Carrying amount as at March 31, 2021	**15,440.91**	**1,195.94**	**0.05**	**17,585.97**	**785.64**	**62.93**	**131.53**	**26.18**	**305.87**	**0.24**	**5.28**	**7.32**	**0.26**	**18.54**	**1.39**	**24.45**	**35.85**	**35,628.35**

Note:- 1. The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date

2. In respect of immovable properties measuring to total area of 7198.05 Ares in Sy No.202/1 in Panmana Village, Karunagapally Thaluk, Kollam District given as collateral for loans from Banks and Financial institutions, consisting of 2115 title deeds were deposited with the said Banks/ Financial institutions and the Company has obtained a confirmation from the said Banks that the title deeds are in the name of the Company.
3. The Company has not revalued its Property, Plant and Equipment since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.
4. There are no proceedings initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

Notes to Financial Statements for the year ended March 31, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Property, plant and equipment - TSP Unit

Particulars	Tangible Assets											Net
	Building	Plant and Machinery	Furniture& Fittings	Electrical Fittings	Office Equipment	Vehicles	Labo-ratory Equipment	Water Supply	Tele-phone (PABX)	Total	Amount Received from VSCC	
Cost as at March 31, 2021	2,928.18	9,405	101.12	55.36	173.62	15	232	11	10	12,931	12,931	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing cost	-	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2022	2,928.18	9,404.85	101.12	55.36	173.62	15.00	232.25	11.04	9.69	12,931.11	12,931.11	-
Accumulated Depreciation As at March 31, 2021												-
Depreciation for the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation As at March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-
Net Carrying amount as at March 31, 2022	2,928.18	9,404.85	101.12	55.36	173.62	15.00	232.25	11.04	9.69	12,931.11	12,931.11	-

Particulars	Tangible Assets											Net
	Building	Plant and Machinery	Furniture& Fittings	Electrical Fittings	Office Equipment	Vehicles	Labo-ratory Equipment	Water Supply	Tele-phone (PABX)	Total	Amount Received from VSCC	
Cost as at March 31, 2020	2,928.18	9,404.85	101.12	55.36	173.62	15.00	232.00	11.04	10.00	12,931.00	12,931.00	-
Additions	-	-	-	-	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-	-	-	-	-		-
Exchange differences	-	-	-	-	-	-	-	-	-	-		-
Borrowing cost	-	-	-	-	-	-	-	-	-	-		-
Cost as at March 31, 2021	2,928.18	9,404.85	101.12	55.36	173.62	15.00	232.25	11.04	9.69	12,931.11	12,931.11	-
Accumulated Depreciation As at March 31, 2020	-	-	-	-	-	-	-	-	-	-		-
Depreciation for the year	-	-	-	-	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-	-	-	-	-		-
Reversal	-	-	-	-	-	-	-	-	-	-		-
Accumulated Depreciation As at March 31, 2021	-	-	-	-	-	-	-	-	-	-		-
Net Carrying amount as at March 31, 2021	2,928.18	9,404.85	101.12	55.36	173.62	15.00	232.25	11.04	9.69	12,931.11	12,931.11	-

Notes to Financial Statements for the year ended March 31, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 A Other Intangible Assets

Particulars	Intangible Assets
	Patent
Cost as at March 31, 2021	**4.25**
Additions	7.68
Disposals	-
Cost as at March 31, 2022	**11.93**
Accumulated Amortisation As at March 31, 2021	0.83
Amortisation for the year	0.57
Disposals	-
Reversal	-
Accumulated Amortisation As at March 31, 2022	**1.40**
Net Carrying amount as at March 31, 2022	**10.53**

Particulars	Intangible Assets
	Patent
Cost as at March 31, 2020	**4.25**
Additions	-
Disposals	-
Cost as at March 31, 2021	**4.25**
Accumulated Amortisation As at March 31, 2020	0.63
Amortisation for the year	0.20
Disposals	-
Reversal	-
Accumulated Amortisation As at March 31, 2021	**0.83**
Net Carrying amount as at March 31, 2021	**3.42**

Notes:- The Company has not revalued its Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.

Notes to Financial Statements for the year ended March 31, 2022

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		2021-22	2020-21
5	**Capital Work-in-progress**		
	Capital work in progress (Projects)	1,942.71	1,167.35
	Less: Allowance for Infructuous Amounts	-	15.72
		1,942.71	**1,151.63**

Ageing Schedule of Capital Work in Progress as on 31st March 2022 is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	179.58	730.72	409.84	622.57	1,942.71
Projects temporarily suspended	NA				

Details of projects where activity has been permanently suspended as on 31st March 2022 is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
NA					

Completion Schedule for Capital work-in-progress as on 31st March 2022 whose completion is overdue as compared to original plan is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	503.17	290.40	-	21.51	815.08

Ageing Schedule of Capital Work in Progress as on 31st March 2021 is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	more than 3 years	
Projects in Progress	116.29	546.24	34.05	455.05	1,151.63
Projects temporarily suspended	NA				

Details of projects where activity has been permanently suspended as on 31st March 2021 is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	more than 3 years	
NA					

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Completion Schedule for Capital work-in-progress as on 31st March 2021 whose completion is overdue as compared to original plan is as follows;

Capital Work-in-progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	more than 3 years	
Projects in Progress	0	27.84	93.30	21.51	142.65

6 Non-current investments

	2021-22	2020-21
Investment in equity instruments at FVTPL		
Unquoted		
KMML Employees Co-operative Society Ltd (at cost)	0.10	0.10
[1000 (previous year : 1000) fully paid equity shares of ₹ 10]	-	-
Less impairment in the value of investment	-	-
Net value	0.10	0.10
Kerala Enviro Infrastructure Ltd	17.50	17.50
[175,000 (previous year : 175,000) fully paid equity shares of ₹ 10]	-	-
Less/Add impairment in the value of investment	5.36	12.43
Net value	22.86	29.93
Kannur International Air Port Ltd	500.00	500.00
[500,000 (Previous year : 500000) fully paid equity shares of ₹ 100]	-	-
Less impairment in the value of investment	178.60	0.90
Net value	321.40	500.90
Investment in debt instruments at amortised cost	-	-
National Savings Certificates	0.76	0.76
Less impairment in the value of investment	-	-
Net value	0.76	0.76
Total	**345.12**	**531.69**
Total Non-current Investments		
Aggregate amount of quoted investments	-	
Aggregate market value of quoted investments	-	
Aggregate cost of unquoted investments	518.36	518.36
Aggregate amount of impairment in value of investments	173.24	(13.33)

7 Non-current Loans (at amortised cost)

Unsecured, considered good unless otherwise stated

	2021-22	2020-21
Loans to Government companies/ societies		
Considered good	4,827.00	4,827.00
Doubtful	384.00	384.00
	5,211.00	5,211.00
Less: Allowance for expected credit loss	(384.00)	(384.00)
Total	**4,827.00**	**4,827.00**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21

Note:-

1. During the year the Company has not granted any loan or advance in the nature of loan to Promoters, Directors, KMPs and other Related Parties that are repayable on demand or without specifying any terms or period of repayment
2. The Company have the following transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 based on the information available with the Company.

As on 31st March 2022

Name of struck off Company and nature of transaction	Balance outstanding (₹. In Lakhs)			Relationship with the Struck off Company, if any,
Particulars	**Travancore Plywood Industries**	**Metropolitan Industries Ltd.**	**Keltron Projectors**	
Investments in securities	Nil	Nil	Nil	N A
Receivables	Nil	Nil	Nil	
Payables	Nil	Nil	Nil	
Shares held by struck off Company	Nil	Nil	Nil	
Loans	18.00	16.00	5.00	

As on 31st March 2021

Name of struck off Company and nature of transaction	Balance outstanding (₹ In Lakhs)			Relationship with the Struck off Company, if any,
Particulars	**Travancore Plywood Industries**	**Metropolitan Industries Ltd.**	**Keltron Projectors**	
Investments in securities	Nil	Nil	Nil	N A
Receivables	Nil	Nil	Nil	
Payables	Nil	Nil	Nil	
Shares held by struck off Company	Nil	Nil	Nil	
Loans	18.00	16.00	5.00	

8 Non- current Financial assets - Fixed deposits

	2021-22	2020-21
Balances with Banks		
Fixed deposits - Treasury **	33,207.06	100.81
Fixed deposits - Banks	0.50	0.50
In margin money deposit with Banks	33.87	32.69
Total	**33,241.44**	**134.00**

**** include 7 FD pledged with Irrigation Department to the tune of ₹ 221.06 lakhs and 1 FD with Harbour Engineering ₹ 7.90 lakhs. This is grouped under non current without considering maturity period considering the lien on respective fixed deposits.**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
8 A Other non- current Financial assets		
Unsecured, considered good unless otherwise stated		
Deposits with Government Departments/Court**	1,888.58	1,968.41
Security deposits	405.24	374.98
Loans and Advances to employees	1,103.60	1,019.50
Total	**3,397.42**	**3,362.89**

**** Includes 2 fixed deposits with SBI submitted to Court amounting to ₹ 213.32 Lakhs**

	2021-22	2020-21
9 Other non-current assets		
Unsecured, considered good unless otherwise stated		
Capital Advances		
Considered good	1,220.78	688.19
Doubtful	2,768.50	2,768.50
	3,989.28	3,456.69
Less: Allowance for expected credit losses	2,768.50	2,768.50
	1,220.78	688.19
Advance Income tax (Net of Provision)	1,559.94	1,528.22
Advance for Shares in Kerala State Textile Corporation Ltd	3,000.00	3,000.00
Total	**5,780.72**	**5,216.41**

	2021-22	2020-21
10 Inventories		
Raw Materials	4,881.53	2,487.08
Work-in-progress	1,405.70	1,637.10
Finished products	14,840.60	10,082.93
Loose tools	8.77	9.22
Stores and spares	10,312.23	9,501.56
Less: Allowance for non-moving stores	(416.79)	(416.79)
Total	**31,032.04**	**23,301.10**

Note:-
The Company has physically verified the inventories at reasonable intervals and the discrepancies of 10% or more in the aggregate for each class of inventory noticed on such verification have been properly dealt with in the books of account.

	2021-22	2020-21
11 Trade receivables		
Unsecured, considered good unless otherwise stated		
Trade Receivable - Considered good secured **	6,392.93	7,237.79
Trade Receivable - Considered good unsecured	7,172.16	8,431.55
Trade Receivable which have significant increase in credit risk	11.28	11.28
Trade Receivables - Credit impaired.	21.99	21.99
Total	13,598.36	15,702.61
Less : Impairment Loss Allowance	(21.99)	(21.99)
Total	**13,576.37**	**15,680.62**

** secured by bank guarantee

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21

Ageing Schedule of Trade Receivables

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivable							
(i) Considered good		13560.36	0.00	1.35	0.96	2.42	13565.09
(ii) Which have significant increase in credit risk and considered doubtful						11.28	11.28
(iii) Credit impaired						21.99	21.99
Disputed Trade Receivable							
(i) Considered good							
(ii) Which have significant increase in credit risk and considered doubtful							
(iii) Credit impaired						(21.99)	(21.99)
Total		**13560.36**	**0.00**	**1.35**	**0.96**	**13.70**	**13576.37**

Ageing Schedule of Trade Receivables

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivable							
(i) Considered good		15665.96	0.00	0.96	0.00	2.42	15669.34
(ii) Which have significant increase in credit risk and considered doubtful						11.28	11.28
(iii) Credit impaired						21.99	21.99

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21

Disputed Trade Receivable							
(i) Considered good							
(ii) Which have significant increase in credit risk and considered doubtful							
(iii) Credit impaired						(21.99)	(21.99)
Total		**15665.96**	**0.00**	**0.96**	**0.00**	**13.70**	**15680.62**

Notes:-

1. Trade receivables are neither due from Directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables are due from Firms or Private Companies respectively in which any Director is a Partner, a Director or a Member.
2. The receivables due from the Related Parties are Nil.
3. Refer Note No.43 for information about risk profile of Trade Receivables under Financial Risk Management

12 Cash and cash equivalents

	2021-22	2020-21
Cash on hand	-	0.09
Balances with Banks		
In current accounts	14.35	15.22
Debit balance in cash credit account	0.58	41.08
Fixed deposits having maturity period of less than 3 months - Banks	13.35	14.40
Balance in Treasury savings accounts	3.86	0.96
Total	**32.14**	**71.75**

13 Other Balances with Bank

	2021-22	2020-21
In Fixed Deposits with Banks	1,004.30	2,673.21
In Fixed Deposits with Treasury	7,250.00	18,600.00
In EMD/ SD Accounts with Banks	1.36	0.87
Total	**8,255.66**	**21,274.08**

14 Loans and Advances (Current)

	2021-22	2020-21
Loan to Government Companies (Unsecured, considered good)	941.71	1,303.97
Total	**941.71**	**1,303.97**

Note:

The Company has not granted any loan or advance in the nature of loan to Promoters, Directors, KMPs and other Related Parties that are repayable on demand or without specifying any terms or period of repayment.

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
15 Other Current Assets		
Unsecured, considered good unless otherwise stated		
Advance to suppliers		
Considered good	1,412.66	948.96
Considered doubtful	25.20	25.20
	1,437.86	974.16
Less: Allowance for expected credit loss	25.20	25.20
	1,412.66	948.96
Advances to employees	178.13	157.33
Advance Tax (Net of Provisions)	-	-
CGST/Cenvat Credit receivable	265.42	218.97
SGST/ Kerala Value Added Tax receivable	220.67	220.68
Other advances	900.66	640.44
Income and claims receivable (From VSSC - related to TSP)	71.93	(0.01)
Interest accrued on Loans and Deposits	323.29	250.86
MEIS licences in hand and Receivables	-	70.13
Stamps on Hand and others	0.42	0.33
Total	**3,373.18**	**2,507.69**

	2021-22	2020-21
16 Capital		
Authorised Share Capital		
35,00,000 Equity shares of ₹ 100 each	3,500.00	3,500.00
Total	**3,500.00**	**3,500.00**
Issued Share Capital		
30,93,272 Equity shares of ₹ 100 each	3,093.27	3,093.27
Total	**3,093.27**	**3,093.27**
Subscribed and fully paid up share capital		
30,93,272 Equity shares of ₹ 100 each	3,093.27	3,093.27
Total	**3,093.27**	**3,093.27**

Notes:

1. **Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	3,093,272	3,093,272
Add: Issued during the year	-	-
Balance at the end of the year	**3,093,272**	**3,093,272**

2. **Shares issued for consideration other than cash**

   There are no shares which have been issued for consideration other than cash during the last 5 years.

3. **Shareholders holding more than 5% of the total share capital**

Name of the share holder		
30,93,272 equity shares of ₹100/- held by The Governor of Kerala (100%)	3,093.27	3,093.27

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21

4 Disclosure of Shareholding of Promoters

Disclosure of shareholding of Promoters as at 31st March 2022 is as follows

Promoter's Name Governor of Kerala	Shares held by Promoters				% change during the year
	As at 31.03.2022		As at 31.03.2021		
	No of shares	% of total shares	No of shares	% of total shares	
	3,093,272	100%	3,093,272	100%	0%
Total	**3,093,272**	**100%**	**3,093,272**	**100%**	0%

Disclosure of shareholding of Promoters as at 31st March 2021 is as follows

Promoter's Name Governor of Kerala	Shares held by Promoters				% change during the year
	As at 31.03.2021		As at 31.03.2020		
	No of shares	% of total shares	No of shares	% of total shares	
	3,093,272	100%	3,093,272	100%	0%
Total	**3,093,272**	**100%**	**3,093,272**	**100%**	0%

5 Rights, preferences and restrictions in respect of equity shares issued by the Company

The Company has only one class of equity shares having a par value of ₹ 100 each. The equity shares of the Company having par value of ₹ 100/- rank pari-passu in all respects including voting rights and entitlement to dividend.

17 Other Equity

	2021-22	2020-21
General Reserve	20,750.11	20,750.11
Capital Reserve	-	-
Other comprehensive income	(3,448.44)	(1,901.49)
Retained earnings	88,965.91	66,307.62
Total	**106,267.58**	**85,156.24**
a) General Reserve		
Opening balance	20,750.11	20,750.11
Additions during the year	-	
Deductions/Adjustments during the year	-	
Closing balance	**20,750.11**	**20,750.11**
b) Other comprehensive income		
Opening balance	(1,901.49)	(1,797.45)
Additions during the year	(1,546.95)	(104.04)
Transferred to Retained earnings	-	-
Closing balance	**(3,448.44)**	**(1,901.49)**
c) Retained earnings		
Opening balance	66,307.61	57,779.17
Net profit for the period	22,690.54	8,528.45
Changes due to prior period errors	(32.24)	-

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
Total	88,965.91	66,307.62
Less Dividend and dividend tax	-	-
Closing balance	**88,965.91**	**66,307.62**

(B) Other Equity

Particulars	General Reserve	Other Comprehensive Income	Retained Earnings	Total
Balance as at April 01, 2018	**20,750.11**	**(1,333.30)**	**44,877.55**	**64,294.36**
Changes due to prior period errors	-	-	67.67	67.67
Dividend paid				-
Additions/ (Deductions) during the year		(101.23)		**(101.23)**
Total Comprehensive Income for the year			10,546.79	**10,546.79**
Balance as at March 31, 2019	**20,750.11**	**(1,434.53)**	**55,492.01**	**74,807.58**
Changes due to prior period errors			**(87.33)**	**(87.33)**
Dividend paid (Dividend and dividend tax)			(745.82)	**(745.82)**
Additions/ Deductions during the period		(362.92)		**(362.92)**
Total Comprehensive Income for the period			3,120.33	**3,120.33**
Balance as at March 31, 2020	**20,750.11**	**(1,797.45)**	**57,779.19**	**76,731.83**

Particulars	General Reserve	Other Comprehensive Income	Retained Earnings	Total
Balance as at April 01, 2020	**20,750.11**	**(1,797.45)**	**57,779.18**	**76,731.83**
Changes due to prior period errors	-	-	-	-
Dividend paid				-
Additions/ (Deductions) during the year		(104.04)		**(104.04)**
Total Comprehensive Income for the year			**8,528.44**	**8,528.44**
Balance as at March 31, 2021	**20,750.11**	**(1,901.49)**	**66,307.62**	**85,156.23**
Changes due to prior period errors			**(32.24)**	**(32.24)**
Dividend paid (Dividend and dividend tax)			-	-
Additions/ Deductions during the period		(1,546.95)		**(1,546.95)**
Total Comprehensive Income for the period		-	**22,690.54**	**22,690.54**
Balance as at March 31, 2022	**20,750.11**	**(3,448.44)**	**88,965.92**	**106,267.59**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		2021-22	2020-21
18	**Provisions (Non -current)**		
	Provision for Employee Benefits		
	Compensated absences	1,646.21	933.40
	Pay revision/incentive	9,933.06	5,843.30
	Arbitration Compensation	496.69	488.58
	Provision for decommissioning liability	1,908.00	1,650.07
	Total	**13,983.96**	**8,915.35**
19	**Deferred Tax Liability/ (Asset) - Net**		
	Deferred Tax Liability		
	On Fixed Assets	1,776.97	1,266.63
	Cost of demolished buildings on the land acquired for mining	1,651.45	1,647.69
		3,428.42	**2,914.32**
	Deferred Tax Asset		
	Salary Arrears	2,499.95	1,470.64
	Provision for doubtful advances	6.34	6.34
	Provision for Interest on Arbitration compensation	2.49	2.49
	Gratuity and leave encashment	435.48	147.45
	Remeasurement of Financial assets	48.86	1.91
		2,993.12	**1,628.83**
	Net deferred tax liability/ (asset)	435.28	1,285.49
	MAT credit entitlement	-	-
	Total	**435.28**	**1,285.49**
20	**Current liabilities - Financial Liabilities: Borrowings**		
	Secured		
	Loans repayable on demand		
	Cash credit and working capital loans from Banks	-	-
	State Bank of India, Kollam	9.78	-
	Short term loan SBI	1,829.00	-
	ICICI -Loan against FC	-	366.24
	ICICI Short Term Loan	-	1,000.00
	Total	**1,838.78**	**1,366.24**

Note:-

1. **Borrowings against Current Assets**

   The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from Banks or Financial institutions on the basis of security of current assets. There is no material discrepancies between the quarterly returns or Statements filed by the Company with the Banks or Financial institutions and book of accounts.

   Also refer Note 55 for terms and conditions and security details

2. **The Company is not declared as wilful defaulter by any Bank or Financial Institution or other lenders.**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
21 Trade payables		
Outstanding Dues to MSME**	1,844.70	708.85
Outstanding Dues to Creditors other than above	5,535.67	5,448.04
Total	**7,380.37**	**6,156.89**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and it represents the principal amount payable to these enterprises. There are no interest due and outstanding as at the reporting date. Please refer Note 39

Ageing Schedule of Trade Payables

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i). MSME		1,844.70				1,844.70
(ii) Others		4,881.32	72.40	55.44	526.51	5,535.67
(iii). Disputed Dues - MSME		-	-	-	-	-
(iv). Disputed Dues - Others		-	-	-	-	-
(v). Unbilled Dues		-	-	-	-	-
Total	**-**	**6,726.02**	**72.40**	**55.44**	**526.51**	**7,380.37**
As at March 31, 2021						
(i). MSME		708.85	-	-	-	708.85
(ii) Others		4,543.77	104.28	41.47	758.52	5,448.04
(iii). Disputed Dues - MSME						
(iv). Disputed Dues - Others						
(v). Unbilled Dues						
Total		**5,252.62**	**104.28**	**41.47**	**758.52**	**6,156.89**

	2021-22	2020-21
22 Other current Financial liabilities		
EMD & Security Deposit from Contractors and Distributors	2,142.59	2,170.48
Total	**2,142.59**	**2,170.48**
23 Provisions (Current)		
Provision for Employee benefits towards		
Compensated absences	471.41	102.18
Pay revision/ DA Arrear/other provisions	160.63	692.12
Gratuity Fund	839.59	466.04
Total	**1,471.63**	**1,260.34**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
24 Other Current Liabilities		
Advance from VSSC for Titanium Sponge Plant	14,509.08	14,509.08
Less : Adjustments as per agreement towards		
Fixed assets	(12,931.11)	(12,931.11)
Pre-operative expenses	(322.87)	(322.87)
	1,255.10	1,255.10
Employee payable	62.91	29.56
Recovery from employee payable	109.21	108.71
Statutory Dues	1,483.93	1,470.08
Arrear Salary Payable	0.36	89.66
Other payables	1,166.28	1,213.44
Advance and deposits from customers etc.,	2,158.65	1,423.94
Total	**6,236.44**	**5,590.49**
25 Revenue from operations		
Sale of Products		
Titanium Dioxide Pigment	94,655.02	69,958.65
Titanium Tetra Chloride	8,084.91	5,236.92
Titanium Sponge	1,313.28	2,152.65
Magnesium Chloride	35.96	68.07
Minerals (Rutile, Sillimanite, Zircon)	5,696.08	5,193.25
Others	863.61	287.96
	110,648.86	82,897.50
Less: Discount	(4,822.77)	(4,539.93)
Less: Excise Duty	-	-
Other Operating Revenue	-	-
Net sales *	**105,826.09**	**78,357.57**
26 Other income		
Interest on Loans and Advances	139.19	181.84
Interest on staff advance	77.08	79.18
Interest on Deposit	2,530.70	1,479.50
Agricultural income	5.95	5.38
Foreign Exchange fluctuation	0.40	7.89
Profit on sale of Fixed Assets	2.60	2.24
Export benefits/ incentives received	81.71	140.58
Remission of liability	255.85	9.75
Tender fee	49.96	48.42
Miscellaneous income	455.91	318.28
	3,599.35	**2,273.06**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		2021-22	2020-21

Note :-

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

The Company did not trade or invest in Crypto Currency or virtual currency during the Financial year. Hence, disclosures relating to it are not applicable.

		2021-22	2020-21
27	**Cost of materials consumed**		
	Opening inventory of raw materials	2,487.08	1,978.87
	Add : Purchases (net of unrealised profit/Loss on interunit transfer)	23,834.49	18,563.62
	Less : Closing inventory of raw materials	(4,881.53)	(2,487.08)
		21,440.04	**18,055.41**
28	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening Balance		
	Work-in-progress	1,637.10	1,455.96
	Finished goods	10,082.93	12,629.80
		11,720.03	**14,085.76**
	Closing Balance		
	Work-in-progress	1,405.70	1,637.10
	Finished goods	14,840.60	10,082.93
		16,246.30	**11,720.03**
	Total changes in inventories of work-in-progress, stock in trade and finished goods	**(4,526.27)**	**2,365.73**
29	**Employee benefits expense**		
	Salaries, wages and bonus	19,532.78	17,270.72
	Contribution to provident and other funds	1,442.57	1,378.80
	Staff/ workmen welfare expenses	2,589.27	2,124.14
		23,564.62	**20,773.66**
30	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	1,999.90	1,806.65
	Amortisation of intangible assets	0.57	0.20
		2,000.47	**1,806.85**
30A	**Impairment Losses**		
	Change in Fair value of Investments	186.57	(1.10)
		186.57	**(1.10)**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		2021-22	2020-21
31	**Other expenses**		
	Consumption of stores and spares	5,756.31	4,332.09
	Power and fuel	25,646.88	17,715.26
	Repairs and Maintenance		
	Plant and Machinery	1,530.04	1,218.58
	Others	280.40	284.21
	Royalty	394.12	276.26
	Rent	29.56	27.10
	Rates and taxes	42.24	185.11
	Postage, Telegram and Telephone.	23.21	18.63
	Legal and professional fees	244.66	67.03
	Sitting fees to Directors	0.42	0.46
	Travel and conveyance	91.35	66.41
	Insurance	281.64	291.85
	Printing and stationery	40.33	21.06
	Advertisement and sales promotion	335.11	298.44
	Shipping and Freight & other sales promotion exp	101.71	106.35
	Corporate social responsibility expenditure	215.82	259.57
	Payment to Auditors	10.09	10.50
	Donation	-	200.00
	Financial Assistance Local Area	11.24	20.32
	Miscellaneous expenses	675.84	519.66
		35,710.97	**25,918.89**
	Payment to auditors		
	Statutory Audit fees	6.90	6.90
	Reimbursement of travelling and Out of pocket expenses	3.19	3.60
		10.09	**10.50**
	Corporate Social Responsibility (CSR)		
	Amount required to be spent on CSR expenditure in accordance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014	215.82	259.57
	Amount unspent/(excess spent) carried forward from earlier years	94.81	23.90
	Amount actually spent during the year	323.46	188.66
	(Excess amount spent carried forward)/ Short fall	(12.83)	**94.81**

Reason for the shortfall

The Company could not spent the amount fully during the year 2020-21 mainly due to the decline in activities in the wake of Covid 19 Pandemic

Categories / Nature of CSR Activities

	2021-22	2020-21
Rural Development Projects	-	-
Promotion of Education	53.23	3.98

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		2021-22	2020-21
	Promotion of Health Care including Preventive Health Care	89.52	65.06
	Eradication of Hunger	-	-
	Vocational Skill Training	-	-
	Livelihood Enhancement Projects	-	-
	Others	47.58	119.62
	Covid 19 Related Expenses	133.13	-
		323.46	**188.66**

Note:- The Related Party transactions in relation to CSR Expenditure is Nil

		2021-22	2020-21
	Movement in provision for CSR		
	Opening balance	94.81	**23.90**
	Amount utilised during the year	**94.81**	**23.90**
	Closing balance	-	**-**

32 Finance Cost

		2021-22	2020-21
	Interest on Bank Loans	15.69	22.91
	Interest on others	54.34	111.08
	Bank charges	12.75	27.52
		82.78	**161.51**

33 Exceptional items

		2021-22	2020-21
	Provision for land to be returned	56.26	-
	Total	**56.26**	**-**

34 Income tax expense

		2021-22	2020-21
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	8,832.41	2,712.58
	MAT credit entitlement/reversal	-	-
	Adjustments for current tax of prior periods	-	-
	Total current tax expense	8,832.41	**2,712.58**
	Deferred tax		
	Deferred tax adjustments	(612.95)	308.66
	Total deferred tax expense/(benefit)	(612.95)	**308.66**
	Income tax expense	8,219.46	**3,021.24**
	(b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before tax from continuing operations	30,910.01	11,549.68
	Income tax expense calculated at 25.168%	7,779.43	2,906.82

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	2021-22	2020-21
Effect of expenses that are not deductible in determining taxable profit	440.03	114.42
Income tax expense	**8,219.46**	**3,021.24**
c) Income tax recognised in other comprehensive income		
Remeasurement of defined benefit obligation		
Deferred tax	237.26	9.87
Current tax	283.02	25.12
Total income tax recognised in other comprehensive income	**520.28**	**34.99**

d) Movement of deferred tax expense during the year ended March 31, 2022

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant, and equipment and Intangible Assets	(2,914.33)	(514.09)	-	(3,428.42)
Expenses allowable on payment basis under the Income Tax Act	156.29	288.03	-	444.32
Provision for salary arrears	1,470.64	1,029.31	-	2,499.95
Remeasurement of Financial instruments under Ind AS	1.91	46.96	-	48.87
Other temporary differences	-	-	-	-
	(1,285.49)	**850.21**	**-**	**(435.28)**
Remeasurement of Defined benefit plan		(237.26)	237.26	
MAT Credit entitlement	-	-	-	
Total	**(1,285.49)**	**612.95**	**237.26**	**(435.28)**

e) Movement of deferred tax expense during the year ended March 31, 2021

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant and equipment and Intangible Assets	(2,868.50)	(45.83)	-	(2,914.33)
Expenses allowable on payment basis under the Income Tax Act	130.50	25.79	-	156.29
Provision for salary arrears	1,749.10	(278.46)	-	1,470.64
Remeasurement of Financial instruments under Ind AS	2.19	(0.28)	-	1.91
Other temporary differences	-	-	-	-
	(986.71)	**(298.78)**	**-**	**(1,285.49)**
Remeasurement of the Defined Benefit plan	-	(9.88)	(9.88)	
Total	**(986.71)**	**(308.66)**	**(9.88)**	**(1,285.49)**

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

f) **Company has opted for reduced rate of income tax as provided under section 115 BAA of the Income Tax Act, 1961and the same is considered as the future tax rate for measuring deferred tax assets and liabilities.**

		2021-22	2020-21
35	**Earnings per share**		
	Profit for the year attributable to owners of the Company	22,690.55	8,528.44
	Weighted average number of ordinary shares outstanding	3,093,272	3,093,272
	Basic earnings per share (₹)	733.55	275.71
	Diluted earnings per share (₹)	733.55	275.71
36	**Earnings in foreign currency**		
	FOB value of exports	8,189.25	5,751.54
37	**Expenditure in foreign currency**		
	Import of raw materials, chemicals and packing materials	1,095.52	1,746.78
	Stores and spares imported	560.13	667.00
		1,655.65	**2,413.78**
38	**Value of Imports (on C.I.F basis)**		
	Raw material, chemicals and packing materials	1,095.52	1,746.78
	Stores, spares, components and capital items	578.35	682.04
		1,673.87	**2,428.82**
39	**Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under**		
	(a) The principal amount remaining unpaid at the end of the year	1,844.70	708.85
	(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	
	(c) Interest actually paid under Section 16 of MSMED Act	-	-
	(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
	(e) Total interest accrued during the year and remaining unpaid	-	-
	This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		

40 Commitments and Contingent Liability

Contingent Liability

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1. Guarantees		
(a) Bank Guarantee	3,142.18	791.43
(b) Inland bills /Foreign bills with Banks	5,078.83	268.34
2.Claims against the Company not acknowledged as debts	5,288.95	5,027.72
3. Income tax Demand under appeal	3,070.71	3,301.84
4. Sales Tax Demand under appeal /rectification	448.35	8.60
5. Excise Duty under appeal and penalty	1.61	14.46
6. Demand of interest by EPFO for delayed payment of pension contribution	114.12	24.92

In addition, the Company is also subject to certain legal proceedings and claims which have arisen in the ordinary course of business. The Management expect that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operation or Financial conditions.

Capital Commitments

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated Value of Contracts remaining to be executed on Capital Account and not provided for	8,769.94	2,750.10
Other contingencies		

A) The Company had acquired lands under the provisions of Land Acquisition Act prior to 2003 for its mining purpose. Around 162 Land Acquisition Reference (LAR) cases have been preferred before the Hon 'ble Sub Court, Kollam claiming enhancement of compensation. Out of this, the Court had awarded enhancement of 65/85% in 117 cases over the amount already allowed by the Land Acquisition Officer. In all these cases, at its execution stage, appeals were preferred before the Hon'ble High Court of Kerala challenging the award. Hon'ble High Court has allowed the appeal and remanded most of the cases to Sub Court, Kollam for fresh evidence. Company as well as the claimant was permitted to adduce their evidences. Accordingly, all the cases were remanded to Sub Court, Kollam. 75 % of the Court fee remitted by the Company in those appeals was also returned by the Hon'ble High Court. Later, the Division Bench of Hon'ble High Court of Kerala in LAA.532/2011 passed a judgment limiting the value of compensation payable by 61.7%. Accordingly, an amount of ₹ 287.97 lakhs was provided in the books up to the year 2013-14 towards the additional amount payable to land owners including interest of ₹ 189.63 lakhs .

117 LAR cases which were disposed off by the Hon 'ble High Court by fixing 61.7% hike, the cases were referred and settled in the Adalath in the presence of District Judges and Land Acquisition Authorities. 135 cases has now been settled and cheques have been already deposited with the District Legal Service Authority (DLSA) Kollam for disbursement. Further ₹ 15.66 lakhs has been paid to 11 claimants by allowing 28 A application. As there may not be any chance to file appeal in these cases either by the party or Company the amount outstanding in LAR cases is adjusted against the liability. Balance amount is retained in the provision amount as another 11 cases are pending for disposal.

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

These cases are pending due to want of claimants/legal counsel raising their claims.

41 Operating Segments

The Company has identified three segments namely Titanium Dioxide Pigment (TP) unit, Mineral Separation (MS) unit and Titanium Sponge Plant (TSP) for internal Financial reporting to the Board of Directors.

1. Primary Segment Information

Particulars	2021-22	2020-21
Segment Revenue		
TP Unit	102,438.88	73,991.78
MS Unit	12,972.42	10,061.98
TSP Unit	1,719.84	2,283.29
Less: Intersegment Revenue	(7,705.70)	(5,705.32)
Total	**109,425.44**	**80,631.73**
Segment Results- Profit before Tax		
TP Unit	29,605.34	11,482.49
MS Unit	1,777.57	255.45
TSP Unit	(472.90)	(188.26)
Total	**30,910.01**	**11,549.68**
Segment Assets		
TP Unit	16,557.54	89,223.64
MS Unit	17,907.84	17,533.74
TSP Unit	8,384.52	8,080.33
Total	**142,849.90**	**114,837.71**
Segment Liabilities		
TP Unit	116,557.54	89,223.64
MS Unit	17,907.84	17,533.74
TSP Unit	8,384.52	8,080.33
Total	**142,849.90**	**114,837.71**
Capital Employed		
TP Unit	53,862.41	62,239.94
MS Unit	15,712.43	15,619.53
TSP Unit	6,603.03	6,297.67
Total	**76,177.87**	**84,157.14**

2. Secondary Segment Information

Geographical Location		
Domestic Sales	97,528.66	72,561.38
Export Sales	8,297.43	5,796.20
Total	**105,826.09**	**78,357.58**
Cost incurred during the year to acquire the assets		
TP Unit	1,949.82	6,815.98
MS Unit	571.54	334.64

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Total	**2,521.36**	**7,150.62**

42 Operating lease arrangements

The Company does not have any operating lease arrangements

43 Financial Instruments

Capital Management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other short-term borrowings.

The capital structure of the Company consists only of equity.

Categories of Financial Instruments	March 31, 2022	March 31, 2021
Financial assets		
a. Measured at amortised cost		
Loans Given (non Current)	4,827.00	4,827.00
Other non-current Financial assets	3,397.42	3,362.89
Trade receivables	13,576.37	15,680.62
Cash and cash equivalents	32.14	71.75
Bank balances other than above	8,255.66	21,274.08
Other current Financial assets (Loans)	941.71	1,303.97
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Investments	345.12	531.69
Derivative instruments	-	-
Financial liabilities		
a. Measured at amortised cost		
Borrowings (short term)	1,838.78	1,366.24
Trade payables	7,380.37	6,156.88
Other Financial liabilities	2,142.59	2,170.48
b. Mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative instruments	56.49	-

Financial risk Management objectives

The Treasury function provides services to the business, co-ordinates access to domestic and international Financial markets, monitors and manages the Financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging Financial instruments to hedge risk exposures. The use of Financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, the use of Financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade Financial instruments, including derivative Financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a Financial instrument. The Company's activities expose it primarily to the Financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of Management.

Foreign currency risk Management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised Treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of Management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2022

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD (in lakhs)	-	-	-	1.46		1.46	1.46
EUR (in lakhs)	-	-	-	0.55		0.55	0.55
GBP (in lakhs)	0.20		0.20	0.30		0.30	0.10
In INR (in Lakhs)	19.11		19.11	185.61		185.61	166.50

As on March 31, 2021

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets/ (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD (in lakhs)	0.03	-	0.03	0.01		0.01	(0.02)
EUR (in lakhs)			-	0.13		0.13	0.13
GBP (in lakhs)	0.33		0.33				
In INR (in Lakhs)	35.26		35.26	12.08		12.08	(23.18)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in Financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their Financial requirements.

Exposure to credit risk

The carrying amount of Financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with Banks, short term deposits with Banks, trade receivables, margin money and other Financial assets excluding equity investments.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk Management

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Liquidity risk refers to the risk that the Company cannot meet its Financial obligations. The objective of liquidity risk Management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit which carry minimal mark to market risks.

Liquidity Tables

The following Tables detail the Company's remaining contractual maturity for its non-derivative Financial liabilities with agreed repayment periods. The Tables have been drawn up based on the undiscounted cash flows of Financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2022	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	7,380.37	-	-	7,380.37
Other Financial liabilities	2,142.59	-	-	2,142.59
Borrowings (including interest accrued thereon upto the reporting date)		-	-	
	9,522.96	**-**	**-**	**9,522.96**
March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	6,156.88	-	-	6,156.88
Other Financial liabilities	2,170.48	-	-	2,170.48
	8,327.36	**-**	**-**	**8,327.36**

	March 31, 2022	March 31, 2021
Fair value of Financial assets and Financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

44 Related party disclosure

a) List of parties having significant influence

Holding Company	The Company does not have any holding Company
Fellow Subsidiaries	The Company does not have any subsidiaries, associate and joint ventures
Key Management personnel	
Sri. Chandrabose J	Managing Director with effect from 15/11/2019(as per GO (Rt No. 1139/2019-ID dated 15/11/2019)

b) Transactions during the year

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

S.No.	Nature of transactions	Managing director		Other Directors	
		2021-22	2020-21	2021-22	2020-21
1	Salaries and allowances				
	Sri. Chandrabose J	16.31	12.85		
2	Other benefits and PF Contribution				
	Sri. Chandrabose J	4.29	1.51		
3	Sitting fee / DA	-	-	0.43	0.46
		20.60	14.36	0.43	0.46

45 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by the Company. The Company also has superannuation plan.

The total expense recognised in profit or loss of ₹ 1122.41 lakhs (for the year ended March 31, 2021: ₹ 978.71 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. Company's liability towards gratuity (unfunded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on Government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

"Company has an independent Gratuity Trust. The liability of each year is valued as per Ind

As - 19 “Employee Benefits” by an independent Actuary and the amount as per the actuarial valuation report is provided in the accounts each year and paid to the Trust.

During the year 2013-14 the following activities of Gratuity Trust is entrusted to Life Insurance Corporation of India (LIC):

1. Managing investment part of Gratuity Trust Fund through Life Insurance Corporation of India
2. To enable the Gratuity Trust Fund to subscribe the master policy with LIC in order to provide death cum retirement gratuity benefits to the regular employees of the Company.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2022	March 31, 2021
Mortality Table	Indian Assured Lives Mortality Ultimate (1994-96)	Indian Assured Lives Mortality Ultimate (1994-96)
Attrition Rate	Modified q(x) values under above Mortality Table	Modified q(x) values under above Mortality Table
Discount Rate	7.13% p.a.	7.05% p.a.
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Rate of Return on Plan Assets	7.05% p.a.	7.05% p.a.
Expected Average Remaining Working Lives of Employees (years)	15.14	15.21
Maximum amount of Gratuity per Employee	₹ 20.00 lakhs	₹ 20.00 lakhs

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Current service cost	321.92	266.53
Net interest expense	268.26	331.34
Return on plan assets (excluding amounts included in net interest expense)	(242.91)	(230.33)
Components of defined benefit costs recognised in profit or loss	**347.27**	**367.54**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	1,094.36	190.44
Components of defined benefit costs recognised in other comprehensive income	**1,094.36**	**190.44**
	1,441.63	**557.98**

The current service cost and the net interest expense for the year are included in the ‘employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Present value of defined benefit obligation	5,136.36	4,158.28
Fair value of plan assets	(4,296.77)	(3,692.24)
Net liability arising from defined benefit obligation	**839.59**	**466.04**
Funded	839.59	466.04
Unfunded	-	-
	839.59	**466.04**

The above provisions are reflected under 'Provision for employee benefits- gratuity' (short-term provisions) [Refer Note 23].

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	4,158.28	4,566.55
Current service cost	321.92	266.53
Interest cost	268.26	331.34
Actuarial (gains)/losses	1,094.36	190.44
Benefits paid	(706.46)	(1,196.58)
Closing defined benefit obligation	**5,136.36**	**4,158.28**

Movements in the fair value of the plan assets in the current year were as follows:

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Opening fair value of plan assets	3,692.24	3,876.83
Interest Income		
Expected return on plan assets (excluding amounts included in net interest expense)	273.05	273.32
Contributions	1,068.08	781.66
Benefits paid	(706.46)	(1,196.58)
Actuarial gains/(loss)	(30.14)	(42.99)
Others		-
Closing fair value of plan assets	**4,296.77**	**3,692.24**

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Compensated absences

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Company is following the practice of valuing the compensated absence as per Ind AS 19 "Employee Benefits" based on the leave balance outstanding on the employees account on March 31st every year by an independent actuary and has provided the same in the accounts. The payment is done as and when claims are received from the employees or on the date of retirement/ relieving from the service of the Company

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2022	March 31, 2021
Mortality Table	Indian Assured Lives Mortality Ultimate (1994-96)	Indian Assured Lives Mortality Ultimate (1994-96)
Attrition Rate	Modified q(x) values under above Mortality Table	Modified q(x) values under above Mortality Table
Discount Rate	7.13% p.a.	7.05% p.a.
Inter Valuation leave accrual	SL at 16 days per annum with a ceiling of 64 days and AL at 26 days per annum with a ceiling of 300 days	SL at 16 days per annum with a ceiling of 64 days and AL at 26 days per annum with a ceiling of 300 days
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Rate of Return on Plan Assets	Not Applicable	Not Applicable
Expected Average Remaining Working Lives of Employees (years)	15.05	15.21

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Current service cost	569.49	757.05
Net interest expense	55.88	110.46
Components of defined benefit costs recognised in profit or loss	**625.37**	**867.51**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period Actuarial (gains)/losses	942.72	39.24
Components of defined benefit costs recognised in other comprehensive income	**942.72**	**39.24**
	1,568.09	**906.75**

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

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The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Present value of defined benefit obligation	2,117.61	1,035.57
Net liability arising from defined benefit obligation	**2,117.61**	**1,035.57**
Funded	-	-
Unfunded	2,117.61	1,035.57
	2,117.61	**1,035.57**

The above provisions are reflected under 'Provision for employee benefits- Compensated absence' (long-term provisions - ₹ 882.91 lakhs and short term provisions - ₹ 152.66 lakhs) [Refer Notes 18 and 23].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2022 ₹ Lakhs	March 31, 2021 ₹ Lakhs
Opening defined benefit obligation	1,035.57	1,094.26
Current service cost	569.49	757.05
Interest cost	55.88	110.46
Actuarial (gains)/losses	942.72	39.24
Benefits paid	(486.05)	(965.44)
Closing defined benefit obligation	**2,117.61**	**1,035.57**

46 Property, Plant and Equipment

A. The Company has been granted mining rights in Block Nos. I, III, V & VII of Panmana, Chavara and Karunagappally Village. However, the lease agreement is yet to be executed for want of environmental clearance which is under active consideration of Ministry of Environment and Forest. Government of Kerala has granted time for obtaining Environmental Clearance upto 23-10-2023. 110th meeting of State Environment Impact Assessment Authority (SEIAA) held on 29th and 30th June, 2021 has given environmental clearance subject to the submission of lease deed extension letter from Government of Kerala, extension of Coastal Regulation Zone by Kerala Coastal Zone Regulation Management Authority and approval of mining plan. In this connection, as per the recommendation of SEIAA, KMML has furnished BG of ₹ 23.47Cr to KSPCB as a guarantee amount against implementation of remediation plan. Further action in this regard is in progress.

The Company initiated steps for the construction of groins as per the Environmental Impact Assessment Study and suitable disclosure/provision of expenses is/will be made according to the progress of the project. In the case of environmental monitoring and recurring expenses, this will be effective only after obtaining environmental clearance. Hence these expenses are neither provided nor disclosed in Financial Statements.

The Fee for valuation of building for the land acquisition at MS Unit amounting to ₹ 24.15

Lakhs (previous year ₹ 22.42 lakhs) has been included under short term loans and advances.

In the above case, the title deeds are not yet transferred in favour of the Company. The cost of the buildings acquired by the Company in the mining area is capitalized as part of land, since buildings are normally demolished after acquisition. Hence, no depreciation is provided for.

B. Rehabilitation compensation of ₹ Nil paid during the year, which is capitalized as part of land, has been included in the cost of land (Previous year Nil).

C. Since 2011-12, the Company is acquiring certain lands at Kovilthottam under a condition that equivalent area of land at adjacent locality along with incremental value of buildings will be given back to the land owners after mining, with in a period of three years. This was also referred to the Expert Advisory Committee of the Institute of Chartered Accounts of India (ICAI) for their opinion on the accounting treatment. The EAC of ICAI opined that the liability in respect of the same should be recognized as provision at the best estimate of the expenditure required to settle the obligation. Accordingly, a provision of ₹ 56.25 lakhs (Previous year: Nil) is made during the year towards the cost of land to be given back, which was acquired under the above scheme upto the year 2018-19 based on the average cost of total acquisition at Kovilthottam for the period 2011-12 to 2021-22. The Company maintains a provision of ₹ 2396.86 lakhs towards land to be returned as on 31-03-2022.

During the year, the Company has provided ₹ 26.49 lakhs (Previous year ₹ 25.99 lakhs) being prorata rent to be paid to land owners of Kovilthottam due to delay in returning equivalent area of land acquired from them as per the package for the period upto March 2022.

D. Loss of land due to sea erosion has been ascertained during 2009-10, 2012-13, 2015-16, 2018-19 and 2021-22 by an independent Surveyor. As per the Survey Report, the total area lost is 15.44 hectors (38.13 acres) in 2009-10 and 6.32 hectors (15.61 acres) in 2012-13. The cost (which is the average cost covering cost of land, building and other connected expenditures) amounts to ₹ 680.70 lakhs and ₹ 287.05 lakhs respectively and the same has been provided in the respective years. As per the survey report dated 22.09.2016, it was found that out of 53.74 acres of land lost due to sea erosion in earlier years, 21.74 acres have been redeemed. However, it was reported that the redeemed land is between high tide and low tide line and it is not possible to do in – situ mining with the present facility and only beach wash may be possible.

Therefore, the Company took a prudent and conservative approach of not bringing the area reported to be redeemed in the books of account. As per the survey report of FY 20-21 also it is found that only 22.23 acres are eroded by sea which means that out of 53.74 acres of land lost due to sea erosion upto 31-03-2013, 31.51 acres have been redeemed and its average value works out to ₹ 567.43 lakhs. However, due to the same reason as reported in 2016, the Company took a prudent and conservative approach of not bringing the area reported to be redeemed in the books of account. As per the survey report of FY 2021-22 dated 31.03.2022, out of 53.74 acres of land lost due to sea erosion upto 31-03-2013, 13.55 acres have been redeemed and its average value works out to ₹ 244 lakhs. However, due to the same reason as reported in 2016 and 2019, the Company took a prudent and conservative approach of not bringing the area reported to be redeemed in the books of account. The next survey of land to ascertain the loss due to sea erosion would be conducted in the year 2024-25.

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E. Under Ind AS, any obligation towards decommissioning liability shall be estimated and provided. The Company has certain obligations to restore the land to its original position, in respect of land acquired for mining (both freehold and leasehold). Accordingly, the Company has identified 19.08 acres of land remaining to be filled in the mining area as on 31-03-22. Based on the existing trend, the approximate cost required for re filling comes to ₹ 1908 lakhs. Company has provided this amount in the books of accounts.

F. The Company restores the mining land to its original condition after the mining activity and the fair value of the land is expected to exceed the carrying cost. Hence no impairment/ diminution in the value of land is anticipated and provided for.

G. The patent "production of synthetic rutile from ilmenite by enhanced reduction process" was filed on 26/3/21, application number is 202141013274. This is under examination and first examination report received on 09-02-2022 and reply to first examination report was submitted on 02-04-2022. Further processing will be done by Indian Patent Office, Gov. of India. Hence the same is not recognised in the books of accounts.

H During the year under report, redundant provision of ₹ 15.72 lakhs was written back in the books of accounts. Further an amount of ₹ 11.36 lakhs was written off against long outstanding Capital Work in Progress during the year.

47 Current Assets

Stock of Stores, Spares and Fuel includes ₹ 3.90 lakhs (Previous year ₹ 3.90 Lakhs) being value of stores items misappropriated which was noticed by the Company on 26-12-1998 and 03-09-2004. The amount of ₹ 0.30 lakhs paid to the Court as deposit to release the goods taken possession by police has been shown under Other Non Current Financial Assets. Police cases registered in this regard are still pending.

48 Status of Projects

A. Based on corporate plan approved by the Board of Directors, the Government of Kerala accorded sanction for implementing capacity expansion project at a cost of ₹ 760 crores vide GO (MS) No.46/2004/ID dt.23.04.2004. Later on, due to escalation in project cost, etc., and based on the recommendation of the Board of Directors, the Government approved for abandoning four projects viz., Mineral Separation Plant, Synthetic Rutile Plant, Desalination Plant and Oxygen Plant vide GO (MS) No.15/2008/ID dt.25.01.2008.

The Company spent an amount of ₹ 3,458.39 lakhs (Previous year: ₹ 3,458.39 lakhs) including ₹ 149.63 lakhs towards entry tax for these projects. Regarding Entry Tax, the Hon'ble High Court of Kerala in its judgment in Thressamma L Cherayil Vs. State of Kerala has held that Kerala Tax on Entry of Goods in to Local Area Act, 1994 is illegal, unauthorized and violation of Article 301 of the constitution of India. Based on the above order, we have submitted a letter to the Commissioner of Commercial Taxes, Thiruvananthapuram, requesting to issue necessary instruction to the concerned for refund the entry tax illegally collected by the Department. Further, against the orders of the Deputy Commissioner (Appeals), Commercial Taxes, Kollam, we have filed appeals before Kerala Sales Tax Appellate Tribunal, Add. Bench, Thiruvananthapuram and the matter is pending. Suitable adjustments will be made in the books of accounts based on the outcome of the decision of Kerala Sales Tax Appellate Tribunal, Add. Bench, Thiruvananthapuram.

The Board of Directors in their meeting held on 07.03.2008 recommended to abandon certain other projects in which the Company has invested an amount of ₹ 2,327.27 lakhs (Previous year: ₹ 2,327.27 lakhs). Based on the above Government Order, the Company

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has provided ₹ 1,638.34 lakhs during the year 2008-09 being the proportionate consultancy fees paid to M/s Mecon. The total amount of consultancy fees paid to M/s Mecon was ₹ 1,817.60 lakhs. The Company received another Government Order No.GO (MS) No.168/2010/ID dt 03.08.2010 sanctioning the abandoning of the remaining 8 inter-linked projects. Hence, the balance amount of ₹ 179.26 lakhs being consultancy fee paid to M/s Mecon was also provided in the books during the year 2009-10. An amount of ₹ 52.78 lakhs is accounted during the year 2010-11 towards the materials/ equipments utilized for the existing plant. The contractors on whom we have placed the orders for supply/ erection of various equipments for capacity expansion have initiated legal proceedings against the Company and it is pending before the Hon'ble High Court and Arbitrators.

Certain materials which were procured in connection with the abandoned project amounting to ₹ 99.87 lakhs has been brought to the stock of stores and spares which were laying under Capital Work In Progress-Abandoned Project during the year 2012-13 as these materials are capable of being used in the existing plant and to avoid further procurement of same items.

The Company had provided ₹ 950.89 lakhs during the year 2014-15, being the expenses incurred in connection with abandoned projects for which no arbitration proceedings are pending (₹ 110.91 lakhs)/ arbitration proceedings kept in abeyance (₹ 839.98 lakhs of M/s Konsortium Process Minerals Pty Ltd).

B. Arbitration Proceedings

B.1. On conclusion of the arbitration proceedings of M/s Simplex Infrastructure Ltd., Chennai, a majority award was issued by the Arbitral Tribunal on 31-07-2010 for ₹ 91.78 lakhs which includes award, cost and the interest up to the date of the award. The Company has provided ₹ 5.54 lakhs (Previous year: ₹ 5.54 lakhs) during the year towards interest. The total provision towards arbitration award, cost and interest up to 31.03.2022 is ₹ 156.48 lakhs (Previous year: ₹ 150.94 lakhs). M/s Simplex Infrastructure Ltd has filed a petition before the Hon'ble District Court, Kollam as OP(Arb) No.264/2010 challenging the majority award. The Company has also filed an Arb OP.79/2012 challenging the award passed by the sole arbitrator as per the decision of the Board. The case was dismissed on 18.03.2015. The Company has filed an Arb.Appeal No.40/2016 before the Hon'ble High Court on 18.08.2016. The respondents have filed an execution petition No.983/2016 before Sub Court , Kollam which is pending for hearing.

B.2. On conclusion of the Arbitration proceedings of M/s COEN Bharath Limited, an award was issued by the sole arbitrator against KMML on 25-05-2011 for ₹ 12.02 lakhs which includes award, cost and interest up to the date of the award. The total provision towards arbitration award, cost and interest up to 31.03.2015 is ₹ 15.08 lakhs . Company has filed Arb.OP.78/2012 challenging the award passed by the sole arbitrator and the petition was dismissed by the Dist. Court Kollam due to the reason that it is barred by law of limitation. M/s COEN Bharath has filed an Execution Petition No.424/2013 before the Dist. Court, Kollam to attach bank account of KMML which was allowed by the Court on 07.01.2015. On 10.09.2015, the bank was directed by Wakf Tribunal to deposit ₹ 14.57 lakhs within ten days towards the attachment order dated 11.02.2015. Bank authorities complied with the Court direction and deposited the amount to Tribunal accordingly. Subsequent to this, M/s COEN Bharath has again filed a petition to attach balance amount of ₹ 1.03 lakhs. Accordingly, the amount was attached by the bank on 31.05.2016. Decree of satisfaction is not obtained from the Court.

B.3. On conclusion of the arbitration proceedings of M/s Frick India Limited, an award was issued by the sole arbitrator on 15-09-2011 allowing ₹ 1.15 lakhs to M/s Frick India Limited after adjusting the advance amount of ₹ 24.43 lakhs paid by KMML to them. Company has provided ₹ 0.09 lakhs (previous year ₹ 0.09 lakhs,) during the year towards interest. The total provision towards arbitration award including appropriation of advance paid and interest up to 31.03.2022 is ₹ 26.54 lakhs (Previous year: ₹ 26.45 lakhs). Company has filed Arb.OP.18/2012 challenging the award passed by the sole arbitrator. M/s Frick India Limited, the respondent has filed their objections and the Company has filed the counter to the objections raised by the respondent. After completion of hearing, the case was posted for final orders on 18.11.2017. After completion of hearing the appeal petition filed by KMML stands dismissed on 29.11.2017. We have filed an appeal petition before the Hon' High Court challenging the above dismissal order.

B.4. Company had executed an agreement with M/s GMM Pfaulder Limited (GMM), Gujarat for setting up of pigment separator. An amount of ₹ 91.94 lakhs had been paid towards advance. On conclusion of the arbitration proceedings of GMM, the sole arbitrator passed an award on 23-05-2012 allowing the claimant to realize a sum of ₹ 18.44 lakhs, in addition to the advance of ₹ 91.94 lakhs along with interest @ 10% per annum from 01-04-2010 from KMML. The Company has provided ₹ 1.84 lakhs (Previous year: ₹ 1.84 lakhs) during the year towards interest. The total provision towards arbitration award including appropriation of advance payment and interest up to 31.03.2022 is ₹ 132.94 lakhs (Previous year: ₹ 131.10 lakhs). As decided by the Board, the Company has filed Arb.OP.194/12 challenging the award passed by the sole arbitrator and Arb.OP.205/12 was filed by GMM challenging the award. The Arb.OP 205/12 filed by GMM challenging the award was dismissed by the Sub. Court on 29.07.2015. GMM then filed an appeal petition before the High Court of Kerala challenging the order of Sub.Court which was allowed by the Hon'ble High Court and the case restored. After hearing the case, again got dismissed. The certificate copy of the order is not yet received.

B.5. Work was awarded to M/s. Goyal Gases for setting up of 200 TPD Oxygen Plant on BOO basis. KMML has paid ₹ 5 Crores towards advance. The Arbitral Tribunal consists of two Arbitrators and one Presiding Arbitrator. The Claim Statement of M/s Goyal Gases was for ₹ 109 Crores. Counter Claim of KMML is for ₹ 5 Crores and its interest. After taking evidences from both sides and while the matter was posted for final hearing, the Presiding Arbitrator Justice. K.K. Narendran expired. An Arbitration Request No.14 of 2013 was filed by M/s. Goyal Gases before the Hon'ble High Court of Kerala requesting to appoint a retired High Court Judge from Delhi as the Presiding Arbitrator which we strongly objected. On 05-10-2013 the Hon'ble High Court appointed Justice P.Krishna Moorthy, Retd. Judge, High Court of Karnataka as Presiding Arbitrator. The Company has filed application for amendment of defence statement, which is allowed. As directed by the Hon'ble Arbitrator on 30-08-2014, KMML held a discussion with M/s.Goyal Gases regarding the setting up of 100 TPD Oxygen Plant based on their interest to do the above work. The matter was placed before the Board and it was rejected by the Board. Company has informed the matter to Arbitral Tribunal and proceedings were resumed on 23rd May 2015. After detailed hearing an award was issued by Presiding Arbitrator Justice P Krishnan Murthy and one of the Co. Arbitrators (Justice R.C. Chopra) on 23-09-2015 against KMML by allowing Goyal Gases an amount of ₹ 29 crores with litigation costs of ₹ 25 lakhs along with interest @ 9% p.a from the date of Award till the date of payment. This is in addition to ₹ 5 crores already paid by KMML. However the other Co. Arbitrator Justice (Retd) R. Rajendra Babu has not signed the award and delivered a dissenting award in which KMML is entitled to realize an amount of ₹ 376.40 lakhs with 12 % interest from the date of award till realization.

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This award forms part of the award issued by the presiding arbitrator and one of the Co-arbitrators. The Company has filed a petition before District Court Kollam on 21/12/2015 under section 34 of the Arbitration and Conciliation Act which is numbered as OP (Arb) No. 666/2015 . The Company has collected opinion from the standing counsel and they stated that liability under the above said award does not arise at this point of time since a petition u/s 34 of the Arbitration and Conciliation Act 1956 has been filed with District Court Kollam and the final liability will arise only when the petition filed u/s 34 of the Act is finally disposed off by District Court Kollam. The petition is filed within the time provided under section 34 and is in compliance with sub section 2 and 3 of section 34 of the Act. As per the expert opinion received the Company could be guided by the legal opinion furnished by the legal advisors that the liability is only contingent in nature at this point of time until disposal of the petition filed u/s 34 of the Arbitration and Conciliation Act by District Court, Kollam and the Company has to make adequate disclosure based on the strength of legal opinion furnished by the Standing Council as above in the Notes on accounts. It is understood that M/s Goyal Gases also filed an appeal petition before District Court, Kollam challenging the award. On 05.01.2019 by returning all documents to M/s.Goyal Gases, the Court Stated that the petition to be transferred to Dist. Court, Ernakulam as per latest High Court judgement. Consequently we have submitted the case before Dist. Court, Ernakulam and the case has been numbered as OP(Arb)40/2019. Meanwhile M/s Goyal Gases has filed an EP No. 778/2018 before the Sub-Court Kollam claiming the award amount which was posted for hearing on 15-02-2021.

As per the Accounting policy of the Company, provision for abandoned projects is made only on conclusion of arbitration proceedings/awards. As per the opinion of our standing counsel/internal auditors, since both the awards are contrary and one award is in favour of KMML, the above awards are not valid and binding. However, as the Company has filed an appeal before the District Court Kollam requesting to set aside the award of Justice P Krishnan Murthy and Justice R.C. Chopra and to substitute the same with the award of Justice R. Rajendran Babu, an amount of ₹ 123.60 lakhs (₹ 500 lakhs – ₹ 376.40 lakhs) has been provided in the books of account during the year 2015-16.

Further, ₹ 5003.98 lakhs (₹ 3400 lakhs towards award including ₹ 500 lakhs already paid as advance by KMML after adjusting ₹ 123.60 lakhs already provided, ₹ 25 lakhs as litigation cost and ₹ 1702.58 lakhs towards interest from 23.09.2015 to 31.03.2022) has been shown under contingent liability (Previous year 4742.98 lakhs).

B.6. M/s Oriental Manufactures Pvt. Ltd (M/s OMPL) have entered into an agreement with KMML for the supply of Chlorinators. KMML paid an amount of ₹ 57.37 lakhs towards advance. M/s OMPL has failed to perform their part and hence they have to return the advance. KMML has taken legal steps and initiated Arbitration Proceedings against M/s OMPL. KMML had filed its Claim Statement for ₹ 57.37 lakhs together with its interest. M/s OMPL has furnished written Statement and rejoinder. Evidences and hearing were completed and the Sole Arbitrator has passed an Award on 28.05.2014 allowing the claimant (KMML) to realize a sum of ₹ 30.09 lakhs with interest at 9% p.a. on the above amount from the date of the award till realization. By appropriating the actual loss sustained by the Respondent(OMPL) ie. ₹ 27. 28 lakhs from the advance amount of ₹ 57.37 lakhs, M/s OMPL is bound to return the balance amount of ₹ 30.09 lakhs. As such Company has provided ₹ 27.28 lakhs during the year 2014-15 being the loss incurred by the Company. M/s OMPL has filed Arb.OP.189/14 before the Dist. Court, Kollam, by challenging the award passed by the Arbitrator. Company can file Execution petition only after disposing Arbitration OP. Case is pending for hearing.

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B.7. M/s GMM Pfaulder Limited (GMM) has entered in to an agreement with M/s KMML for the supply of Glass Lined Vessel. KMML has paid ₹ 14.45 lakhs towards advance against Bank Guarantee. Subsequent to cancellation of projects, M/s GMM by invoking Arbitration clause requested KMML to appoint Sole Arbitrator. As such Sole Arbitrator was appointed. M/s GMM has submitted their claim statement and KMML has filed Counter Claim for ₹ 14.45 lakhs with interest and written statement. Evidences and hearing were completed and the sole Arbitrator has passed an award on 31.05.2014 by dismissing the entire claims raised by the claimant (GMM). As per the award, the Hon'ble Arbitrator allowed Company's counter claim of ₹ 14.45 lakhs in full with interest at 12% p.a. on ₹ 14.45 lakhs from the date of counter claim.ie.31.05.2012 and also the cost of the Arbitration proceedings. GMM has filed OP (Arb) No.130/2014 against the award before Dist. Court, Kollam. Accordingly Company had recognised ₹ 9.61 lakhs towards cost of arbitration and interest receivable from M/s GMM up to 31.03.2016. The petition was dismissed on 19/10/2017 and we have given direction to the concerned bank to invoke Bank Guarantee. Meanwhile M/s GMM Pfaulder has filed an appeal petition (Arb No. 12/2018) before the Hon' High Court challenging the order of the Hon' District Court, Kollam. Since the matter is not yet settled, the Company, as a matter of prudence, reversed the income recognised upto 31.03.2016 during the year 2016-17.

B.8. KMML has executed an agreement with M/s Doshion Exchange Limited for setting up of a desalination plant. The Company paid total amount of ₹ 19.26 crores towards bills and advance payments. While disposing the arbitration request No.18/2009, the Hon'ble High Court has appointed Justice K.T. Thomas, Retd.Judge of Hon'ble Supreme Court as sole arbitrator. The claim raised by M/s Doshion is for ₹ 36.40 Crores and KMML has filed its counter claim for ₹ 19.26 crores together with its interest. M/s Doshion has submitted an additional claim for ₹ 21.76 crores and KMML has filed objection to the above petition. The cross examination and re-examination of witnesses was completed on 06.04.2013. The claimant filed their rejoinder and additional documents and they have completed arguments. On 09.02.2014 KMML addressed reply arguments.

On 29-06-2017 the Hon'ble arbitrator has issued an award by allowing ₹ 1,395.55 lakhs in favour of M/s Doshion which includes interest of ₹ 384.69 lakhs for the period 01-09-2008 till 29-06-2017 @6% p.a., ₹ 25.78 lakhs being the cost of proceedings and ₹ 259.25 lakhs being the amount collected by KMML by invoking the bank guarantees submitted by M/s Doshion. The award also says that KMML has to pay future interest @6.65% on ₹ 725.83 lakhs (i.e. the amount after excluding interest portion upto the date of award) from the date of award till the date of payment, which was subsequently corrected as 8.65% p.a. vide Order dt 17-08-2017.

The Company has filed an appeal before the Hon'ble District Court, Kollam on 27.09.2017 as OP Arb.No 158/2017 challenging the award of Arbitral Tribunal Justice K.T. Thomas. The Hon'ble Disct.Court allowed the stay petition on condition that KMML shall deposit 60% of the award amount within seven days. Being aggrieved by the above order the Company filed a petition before the Hon' High Court challenging the conditions set forth by the Dist. Court, Kollam, in which Hon' High Court was pleased to stay the conditions imposed by the Dist. Judge, Kollam and directed the Company to furnish security in the form of Bank Guarantee for 60% of the award amount in favour of Dist. Court Kollam. Accordingly the Company furnished Bank Guarantee for ₹ 837.50 lakhs in favour of Additional District Court VI, Kollam, being 60% of the award amount.

The above original petition came up for final hearing before Hon'ble Justice Alexander Thomas on 19.01.2018. After hearing, Hon' High Court was pleased to dispose off the original petition directing that both the appeal petitions i.e. OP(Arb)158/7 filed by KMML and OP(Arb)186/17 filed by M/S Doshion, shall be heard together and dispose off within six months. The condition stated in the order of Dist. Court Kollam has been modified stating that if KMML will deposit 60% of the awarded amount within two months and the respondent is at liberty to withdraw the said amount on furnishing security in the form of Bank Guarantee to the satisfaction of the Court. Arrangement of security by Bank Guarantee ordered by the Court earlier will be continued till the amount is deposited before the Court.

Accordingly the Company deposited the said amount of ₹ 837.50 lakhs by way of Demand Draft in favour of VI th Additional District Judge, Kollam on 17.03.2018 and received back the Bank Guarantee submitted earlier in this regard.

The appeal petition OP(Arb)186/17 filed by M/S Doshion challenging the award was pending before the Sub-Court, Kollam in which we have filed our objection. On 12.07.2018 the Court referred the matter for mediation. The matter was placed before the Board and the Board authorised the Management to participate in the mediation and to negotiate with M/s Doshion to reduce 50% of the awarded amount of ₹ 1395.55 lakhs (i.e. ₹ 697.77 lakhs) along with waiver of future interest @ 8.65% per annum on ₹ 725.83 lakhs from the date of award till date of payment and to settle the dispute accordingly subject to the approval of Board and Government of Kerala. Accordingly, in the mediation sitting held on 26.07.2018, as directed by the Board, a proposal was placed by KMML to settle the matter by giving 50% of the award amount. The said proposal was strongly objected by M/S Doshion and demanded to suggest a reasonable amount as they incurred a huge loss in the above contract. They offered a reduction of approximately ₹ 1 Crore only which was not accepted by KMML.

In the mean time, the Board in its meeting held on 14.08.2018 has taken a decision to settle the matter by disbursing 70% of the awarded amount. In the next mediation sitting held on 03-09-2018, our proposal to settle by giving 70% of the awarded amount was not accepted by M/s Doshion and they proposed to settle at 85% of award amount, i.e., reduction of around ₹ 2.10 crores as against the initial reduction of ₹ 1 crore offered by them. As the matter was not settled, the next sitting was held on 12/10/2018 in which they agreed to settle the matter at 70% of the awarded amount which is recorded by the mediation authorities. Accordingly, the matter was placed in the Board in its meeting held on 14.11.2018. However the Board has decided to proceed with contesting the case before the Dist. Court and its appellate Courts. We have filed appeal petition before the Hon'ble High Court on 05-09-2019 which was numbered as Arb Appeal No. 46/2019. However, the Hon'ble High Court dismissed the Arbitration appeal filed by KMML on 29-01-2020. M/s Doshion filed Execution Petition before the Hon'ble Dist Court , Kollam for realisation of the amount awarded. Accordingly as per the statement of claim initially filed by M/s Doshion an amount of ₹ 777.12 lakhs was due from KMML which is subsequently revised to ₹ 748.53 lakhs. However, KMML observed that M/s Doshion has calculated interest without considering the amount of ₹ 837.50 lakhs deposited by KMML on 17/03/2018. Further, they claimed huge amount as advocate fee. Hence KMML filed objection to the statement of Accounts filed by M/s Doshion. As per the objection filed, an amount of ₹ 602.95 lakhs is due as per the award. On 02-07-2020, after hearing the Hon'ble Additional District and Session Judge -V directed KMML to deposit the amount as DD within 10 days. However, it was decided to file Special Leave Petition (SLP) before Hon'ble Supreme Court against the judgement of Hon'ble High Court dismissing our appeal and filed the same on 07.09.2020 which was numbered as SLP/010579/2020. Govt also directed the Company to file appeal before the Hon; Supreme Court. However, the Hon' Supreme Court on 12/10/2020 dismissed the Special Leave Petition filed by KMML.Govt also directed the Company to try for an amicable settlement. Though the party was called for a discussion for an amicable settlement they were not prepared to go back from their claim.

Accordingly the Company paid ₹ 602.95 lakhs to M/s Doshion on 02/11/2020 as directed by the Court. The Company arrived at the amount of ₹ 602.95 lakhs on the assumption that ₹ 837.50 lakhs paid on 17.03.2018 is to be adjusted against the principal award amount of ₹ 725.83 lakhs. However, the Additional District Judge, Kollam was of the opinion that on payment towards satisfaction of decree, it has to be appropriated first towards interest and costs, and then towards the award amount, quoting various case laws and also allowed Advocate Fees claimed by M/s Doshion. Accordingly the Additional District Judge, Kollam ordered vide Judgement dated 12/11/2020 that KMML is liable to pay ₹ 756.27 lakhs as on 15/10/2020 to M/s Doshion as per the updated Statement of Accounts filed by them. As the Company has already paid ₹ 602.95 lakhs, the balance payable as per the Order of the Court was ₹ 153.32 lakhs as on 15/10/2020., which was also paid on 22/03/2021.

The total amount paid by KMML to M/s Doshion was ₹ 1,926.73 lakhs towards bills and advance payment out which ₹ 259.25 lakhs was collected by KMML by invoking the bank guarantee as M/s Doshion did not extend the bank Guarantee as requested by us. Hence the net amount paid is only ₹ 1,667.48 lakhs. The Company has provided ₹ 3,052.15 lakhs during the year 2016-17 (i.e. the award amount of ₹ 1,395.55 lakhs less interest for the period 01.04.2017 to 29.06.2017 amounting to ₹ 10.88 lakhs included plus the net amount already paid ₹ 1,667.48 lakhs) towards arbitration award/ interest in respect of the above case. Further, interest for the year 2017-18 and 2018-19 amounting to ₹ 57.99 lakhs and ₹ 62.78 lakhs respectively is also provided during the respective years. Total provision towards award, cost and interest upto 31.03.2019 was ₹ 3172.92 lakhs. Provision for interest for the year 2017-18 and 2018-19 was made without considering the amount of ₹ 837.50 lakhs deposited on 17/03/2018. Hence it was reworked during 2019-20 and the total provision towards award, cost and interest as on15/10/2020 works out to ₹ 3261.25 lakhs (previous year ₹ 3235.06 lakhs) and the entire amount has been paid. There is no further claim by M/s Doshion in this regard.

B.9. KMML has entered in to 3 separate agreements with M/s. Konsortium Process Minerale Pty Ltd (KPM) dated. 29-12-2005 as executed under package- 85 A/B/C for the expansion of Mineral Separation Plant of the Company. On submission of engineering drawings KMML has paid a sum of ₹ 808.65 lakhs. Even after receipt of advance amount of ₹ 808.65 lakhs, no work has been executed by KPM. Subsequently, as recommended by the Board, The Government had vide its Order dated 25-01-2008, cancelled the project. Based on the above, the Company had issued termination letter to M/s. KPM on 27-03-2008. In this matter, by invoking the arbitration clause of the agreement, KMML has appointed Shri. P.L Norbert, Former District and Sessions Judge, residing at Kochi as the sole arbitrator to resolve the dispute. Notice of arbitration proceedings was issued to M/s. KPM, Singapore but it was returned as unserved. KMML has lodged a complaint before the Postal Superintendent, Kollam. They have enquired the matter and informed the Company that the addressee has gone away. The 1st sitting of the arbitration was held on 25-01-2014 and there was no representation from the respondent side. In the sitting held on 10-10-2014, the Hon'ble Arbitrator has decided to keep the arbitration proceedings in abeyance until the claimant furnishes the correct address of the respondent. The Company had already sent a Complaint to Indian Embassy in Singapore, Government Authorities of Singapore and Ministry of External Affairs to trace out the addressee and there is no positive response. As

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per our Accounting Policy, provisions for abandoned projects are made only on conclusion of arbitration proceedings/ award. However as a matter of prudence and conservatism it was decided to provide the amount in our books of account as the arbitration proceedings are kept in abeyance and the addressee could not be traced out. Accordingly an amount of ₹ 839.98 lakhs including bank charges/ LC charges was provided in the books of accounts during the 2014-15 and decided to review the provision on resumption of arbitration proceedings.

The Company sent a letter on 15.07.2015 to “Accounting and Corporate Regulatory Authority” Singapore seeking help to trace out their correct address. In the above case, the Company has also sought a detailed legal opinion from M/s Menon and Pai, Advocates, Ernakulam regarding initiating of legal proceedings against them. As per the opinion received from the advocates, as there was an element of negligence from the part of consultant M/s MECON which resulted in loss and damage to KMML, the Company can proceed against the consultant for their lack of due diligence. As the claim against the consultants at this point of time may be barred by the law of limitation, they advised us to implead the consultant in the arbitration proceedings against the contractor. While allowing the impleading petition, if it is made clear by the Arbitral Tribunal that the impleadment shall be with effect from the commencement of the arbitration, the issue of limitation may not affect the proceedings. They further opined that as the arbitrator has been appointed by KMML, even though the contract does not confer the power of appointment of an arbitrator, this may ultimately have a bearing on the award if the same is challenged by any aggrieved party. They advised the Company to commence both civil and criminal proceedings for the recovery of the amount misappropriated under the terminated contract. They recommended to initiate civil proceedings before the arbitrator against the consultant i.e. M/s MECON for the damages caused and criminal proceedings against the contractor for the fraud and misappropriation. Subsequent to the above, Company received a letter from the sole arbitrator Shri. P L Norbert , Dist. Judge (Retd) to appear before him on 16.03.2016 in the matter of arbitration proceedings between KMML and M/s KPM. On that day also M/s KPM did not appear as they received the notice only on 16-03-2016 and they requested the arbitrator to communicate the next sitting. Accordingly, the arbitrator sent another notice intimating the next sitting on 23-04-2016. Meanwhile, the Company has appraised the matter before the Board in their meeting held on 29-03-2016 seeking advice on further course of action and the Board decided to defer the matter for the time being. On 23-04-2016 M/s.KPM have appeared before the arbitration Tribunal through their Counsel and sought time to file Vakkalath. Vakkalath was filed on 02-07-2016. Company has already filed our claim statement on 13.08.2016.

As the arbitration has resumed, the Company has collected legal opinion from the standing counsel regarding the legal validity of arbitration proceeding since the contract does not confer the power of appointment of arbitration by KMML. Since M/s KPM has appeared before the arbitrator through their counsel on 23-04-2016 and the vakkalath was filed on 02-07-2016, it is to be presumed that they are either consenting or ratifying the appointment of arbitrator. The legal validity of the appointment of arbitral Tribunal was also confirmed by M/s Menon & Pai by stating that the Arbitrator Tribunal can continue to adjudicate the dispute in accordance with law and appointment of arbitrator can be deemed to have been accepted by the respondents without any reservation. They also opined that since the respondent having appeared before the arbitrator and not having filed any objection u/s 13 of the Act, it can be presumed that they are not challenging the proceedings of the arbitration. The provision which was created during 2014-15 could have been reversed based on the above. However, during the 12th sitting held on 24.09.2016 respondent filed an interim application questioning the jurisdiction of the Arbitrator to adjudicate the dispute. However, they also contested that the procedure of appointing an arbitrator was overlooked and bypassed and hence illegal and void. Moreover, the legal opinion received from Menon & Pai states that if the appointment of arbitrator by KMML is challenged by any aggrieved party, it may ultimately have a bearing on the award. The Company has filed a Counter Statement against the interim application filed by KPM. Hon'ble arbitrator dismissed the interim application filed by M/s KPM on the ground that it is unsustainable and untenable.

On 19-06-2017,the Arbitral Tribunal has issued an award allowing KMML to realize an amount of ₹ 808.65 lakhs with interest at 10% p.a. on the above sum from the date of presentation of claim statement (i.e. 13-08-2016) till date of award and thereafter at 12% p.a. on the above sum from the date of award till payment and cost of proceedings being ₹ 13.48 lakhs. The respondent has filed an appeal petition OP (Arb) No:1222/2017 before District Court, Ernakulam for setting aside the ex parte award and hearing is pending.

In view of the above uncertainties, it was decided to maintain status quo with regard to provision made in 2014-15 as a matter of prudence and conservatism.

C. Other than abandoned projects

In the Arbitration proceedings with M/s Lee Builders, the contractor for the civil and structural work of Synthetic Rutile Plant in TP unit of KMML, the arbitrators passed an award on 22.08.2015 by allowing the claimant (i.e. Lee Builders) an amount of ₹ 15.92 lakhs and interest thereon @ 8.5% per annum from the date of passing the final bill till the date of realization of awarded amount including cost of arbitration proceedings. As such during the year 2015-16 Company has provided ₹ 15.92 lakhs towards award and ₹ 5.79 lakhs towards its interest from the date of final payment to 31.03.2016. Interest for the year 2021-22 amounting to ₹ 1.35 lakhs also provided (Previous year 1.35 lakhs). The total provision towards arbitration award and interest upto 31.03.2022 is ₹ 29.83 lakhs (Previous Year 28.48 lakhs). We have filed an appeal petition No.OP(Arb) No.600/2015 before the Dist. Court, Kollam on 20.11.2015 challenging the award. M/s Lee Builders also filed an appeal against the award before sub-Court, Kollam which is numbered as OP (Arb) 10/2016 and is pending for hearing. The case stands transferred to Commercial Court, Kollam and renumbered as Arb.OP No. 16/21 and posted for hearing on 30-08-2022.

D. KMML had issued a purchase order to M/s V.V. Minerals for supply of 40000 MT of raw ilmenite on 06-08-2010. The total value of the contract was ₹ 2672 lakhs. As per the terms of the purchase order, the party has to submit 5% of the order value towards security deposit. The security deposit may be given in the form of Demand draft or bank guarantee. The security deposit shall be for the due and faithfully performance of the contract in all respects. Since the party has not submitted the security deposit, equivalent amount is deducted from the bills and kept in security deposit account. After supply of around 12000 MT, M/s V.V. Minerals stopped supply of the material and asked for price revision. KMML did not agree for this and asked the party to supply the material as per the terms and conditions of the purchase order. On our request the party has supplied another 578 MT and the total supply against the order was only 12578 MT. KMML had released all payment for the above supply excluding ₹ 133.60 lakhs towards security deposit and ₹ 1.50 lakhs towards weighbridge difference/short claim (Total ₹ 135.10 lakhs). M/s V.V. Minerals filed appeal before Hon'ble Sub Court, Karunagappally for getting the balance amount of ₹ 135.10 lakhs along with interest @ 18%. After having heard both the sides, the Hon'ble Sub Court, Karunagappally issued judgement dated 30-01-2015 along with decree allowing

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the plaintiff to release ₹ 135.10 lakhs along with interest @ 6% from 09-07-2012. The Company collected legal opinion from the Standing Counsel and then filed appeal before Hon'ble High Court against the order of Hon'ble Sub Court, Karunagappally. The Court admitted the appeal and directed the Company to remit the Court fee. Accordingly we paid the Court fee of ₹ 8.74 lakhs. On the same day the Court has passed an order staying the decree passed by the Sub Court Karunagappally on condition that Company should deposit the amount covered by the decree as on date of the decree in fixed deposit with State Bank of India which would generate maximum possible interest and produce that fixed deposit receipt before the Court with lien marked in favour of Court. Accordingly we have deposited ₹ 135.10 lakhs (principal amount) and ₹ 20.76 lakhs (interest @ 6 % upto 30-01-2015) with State bank of India and lien is marked in favour of Court. The said fixed deposit is shown under Other non current Financial assets as on 31-03-2022. Interest for the year 2021-22 of ₹ 8.11 lakhs is provided in the accounts and recognized as interest payable which is grouped under other current liabilities (previous year 8.11 lakhs). Total interest provided from 01.02.2015 to 31.03.2022 is ₹ 58.09 lakhs. Interest accrued on the above two fixed deposits for ₹ 7.22 lakhs is grouped under other current assets (previous year 6.12 lakhs).

E. Company had issued Purchase Order No.TP/MTL/CPC/347/2012-2013 dated 29.10.2013 to M/s. Sai International Trading Company (SITCO) for the supply of 2760 MTs of Calcined Petroleum Coke. After the receipt of the Order, SITCO has supplied only 160 MTs of CPC out of which only 48 MTs of materials were found to be within the specification and balance 112 MTs CPC were rejected. Later, the supply was stopped. The security deposit available from SITCO was ₹ 35 lakhs. In this connection M/s.SITCO had originally filed O.S.No. 152/2013 against the Company before the Hon'ble Sub Court, Karunagappally for a total claim of Rs.56.93 lakhs- including the deposited BG amount, EMD, loss of profit, loss of reputation, and compensation. Later In the year 2021, the above suit was transferred to the Hon'ble Commercial Court, Kollam, and renumbered as CS No,1/2021. The Commercial Court, after considering the evidence and having heard by both the parties, adjudicated the dispute by delivering the Judgment and Decree on 30.09.2021. Out of the total claim of ₹ 56.93 lakhs- and interest thereon @ 12% per annum, the Hon'ble Commercial Court, Kollam held that KMML is not entitled to invoke the BG furnished by M/s.SITCO and directed KMML to pay ₹ 2 Lakhs deposited by M/s.SITCO towards EMD and ₹ 4.41 lakhs withheld by KMML towards balance BG amount within 3 months. No interest is allowed. Hence as per the Judgment and Decree, KMML is restricted from invoking the BG and has to release a total amount of ₹ 6.40 lakhs including Deposited BG amount of ₹ 31 lakhs and amount of ₹ 4.41 lakhs withheld by KMML against balance Security Deposit. The matter will be placed in the next Board Meeting and suitable accounting treatment will be made in the books of accounts on the basis of Board Decision. Hence an amount of ₹ 56.93 lakhs is recognized in the books of accounts as contingent liability.

F. As part of de bottlenecking/stretching of the TiO2 pigment capacity 231st Board meeting held on 24-11-2017 accorded approval to engage Mr. Sam Alexander (Formal Director of Process Technology -Kerr McGee Chemicals LLC) to help KMML to effect substantial improvements in plant and operations. Accordingly, agreement was executed with M/s Alexander Consultants LLC on 07/08/2018. The total value of the contract was USD 120000 (Consultancy fee) and USD 510000 (Technology fee). It was expected that by implementing the debottlenecking program, production capacity can be enhanced, plant efficiency can be improved and fixed cost per ton pigment produced can be reduced. Later on the Project was discontinued by the Company and the Contractor has raised claims against the Company. Since the issue is pending, the claim of the Contractor to the tune of ₹ 2.19 crores is recognised as contingent liability.

49. When the Government Order approving the salary revision of workmen due from 01/01/2013 is received,it was observed that there were some deviations in the order compared to the original proposal approved by the Board. Some of the recognised trade unions approached Hon'ble High Court for allowing the salary revision as approved by the Board and Court has directed Govt. to settle the matter. Accordingly, Govt issued revised order which is almost in line with the original proposal approved by the Board and the balance arrear amount has been paid during the year against the provisions already created in this regard. Further, Government order approving the salary revision of officers due from 01/01/2015 also received during the year 2020-21 and balance arrears paid against the provisions already created.

The wages and salaries of workmen and officers are revised once in four years and once in five years respectively. In the case of workmen, the next pay revision which was due from 01.01.2017 was approved by Board in its 250th meeting dated 15.01-2022. Arrears payable upto 31-01-22 was provisionally worked out and comes to ₹ 83.57 Cr. An amount of ₹ 45.98 crores was provided in the books of accounts upto 31-03-21 based on previous revision and balance amount of ₹ 37.59 cr is provided during the year under report pending approval from Government. The revision was implemented as recoverable advance with effect from February 2022 based on Government letter no. IND-H3/110/2021-IND dated 14-02-22. As per the guidelines from the Government, it was mentioned that the pay revision will be for a period of 5 years. However, in the minutes of the meeting with recognised Trade Unions of the Company chaired by Hon'ble Minister for Industries, Coir and Law, it is mentioned the possibility of limiting the term of wage revision will be considered by the Government. Since the Government is yet to make a decision on the matter no provision for wage revision is made for the period 01-01-2021 to 31-12-2021. Further, considering the fact that it involves only a matter of three months for the year under report, no provision has been made during the year.

The pay revision of officers which was due from 01-01-20 was approved by Board in its 251st meeting dated 30-03-22 Later it was forwarded to Government for their approval. Government vide letter no. H3/68/2022/ID Dated 13-04-2022 approved to implement the revision as recoverable advance with effect from April 2022. The arrears payable to the officers were provisionally worked out pending Government order. Total arrear provided upto 31-03-2021 was ₹ 12.45 cr. Balance arrear payable ₹ 3.31 crores was provided during the year under report.

In the case of 64 workmen who were promoted during the period 01-04-2017 to 31-03-21, the fixation of salary is pending. We have engaged an external agency for the fixation of their salary. The report is yet to be received and hence the amount is not provided in the books of accounts.

In case of fringe arrear payable to officers/workers, since the calculation is not fully completed, adhoc provision is created in the books of accounts and is included in the para shown above. This will be suitably adjusted once the calculation is completed and Government Order sanctioning revision is received.

The Dearness allowance payable to officers which is due from 01-01-2021 is yet to be declared by Government of Kerala. Hence this amount is not provided for in the books of accounts.

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50. A. The Company has advanced loans to other PSUs/ Co-operative societies in earlier years amounting to ₹ 2,401.50 lakh (Previous year: ₹ 2,401.50 lakh) based on orders of Government of Kerala. As the schedule of repayment of such loans has not been adhered to by these organizations, the Company has requested the Government to initiate suitable action. All these loans have been declared interest free by the Government vide GO (Rt) No.641/2004/ID dt. 05.07.2004 and GO (Rt) No.601/2007/ID dt.09.05.2007. Out of these loans a sum of ₹ 384.50 lakh (Previous years ₹ 384.50 lakh) has been provided for in the accounts, as allowance for bad and doubtful advances as these companies are closed/ inactive. Further an amount of ₹ 82 lakhs (Previous year: ₹ 82 lakhs) has been written off from the books of account as per Government directions. M/s Travancore Sugars and Chemicals Limited who had availed ₹ 9 lakh loan had refunded the full amount in two instalments (September 2009 and April 2010). Another PSU, M/s Sitaram Textiles who had availed ₹ 10 lakh fully refunded ₹ 10 lakh by 10 instalments. Some of the other companies have also promised to repay the dues in instalments as soon as their Financial position improves.

A meeting was convened by the Principal Secretary, Industries, Govt. of Kerala on 16.08.2014 to discuss the repayment of the loans granted to various PSU's by KMML. As per the minutes of meeting KINFRA will repay the loan amount of ₹ 87.50 lakhs granted to Kerala State Detergents and Chemicals Ltd,(KSDCL) ₹ 80 lakhs granted to M/s Travancore Rayons and ₹ 18 lakhs granted to M/s Travancore Ply Wood Industries. During 2014-15 an amount of ₹ 5 lakhs granted to Kerala Construction Components Ltd was refunded by KSIDC as decided in the above meeting. M/s KSDCL already refunded ₹ 87.50 lakhs as per Govt Order G.O(Ms)No.12/2016/ID dt 19.01.2016. The above amount of ₹ 87.50 lakhs already provided in the books of accounts based on the operating status published in Review of Public enterprises was reversed during the year 2015-16.

It was also decided to write off the loan amount of ₹ 8 lakhs granted to Keltron Crystals Ltd, ₹ 6 lakhs to Keltron Rectifiers, ₹ 28 lakhs to Keltron counters Ltd and ₹ 6 lakhs to Scooters Kerala Ltd totalling to ₹ 48 lakhs. Out of the above Company had already provided the amount granted to M/s Keltron Rectifiers and Keltron Counters Limited in previous years. Now the entire amount of ₹ 48 lakhs has been written off from the books of accounts during 2014-15 based on Govt. Direction.

It was also decided that KSIE will pay the loan amount of ₹ 16 lakhs paid to The Metropolitan Industries Ltd which is yet to be received. However Company had provided these amounts in previous years based on the operating status published in Review of Public Enterprises in Kerala which is included in ₹ 384 lakhs (previous year ₹ 384 lakhs).

As per the decision of the meeting referred in para 2 above, the Excise Department will pay the loan amount of ₹ 45 lakhs granted to Co. Operative Sugars and M/s Kerala State Cooperative Textile Federation (TEXFED) will pay the loan amount of ₹ 20 lakh granted to M/s Quilon Cooperative Spinning Mills. These amounts are also pending in spite of continuous follow up.

In the above meeting, it was also decided that the loan amount of ₹ 325 lakhs granted to Kerala State Bamboo Corporation Ltd be treated as CSR expenses. After getting expert opinion from the consultant, Company informed the Government its inability to treat the same as CSR expenses as per the provisions of the new Companies Act 2013 and reply from the Government is awaited. However this amount has been provided during the year 2014-15 as M/s Kerala State Bamboo Corporation refused to give confirmation of balance.

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After considering the amount received ₹ 111.50 lakhs (all previous years) amount written off ₹ 82 lakhs (all previous years) and the amount provided Rs. 384 lakhs (all previous years), the amount outstanding on this account is ₹ 1824 lakhs (previous year ₹ 1824 lakhs). Company has received confirmation of balance from the concerned PSU's/Co-operative Societies for ₹ 1699 lakhs (previous year ₹ 1824 lakhs)as per the details given below. In the case of Cooperative Sugars, Chittoor, the liquidator confirmed that the amount of loan of ₹ 45 lakhs due to KMML is included in the total liability of ₹ 20 crores undertaken by Govt. of Kerala.

Sl No.	Name of the Party	Amounts Confirmed
1	Kerala State Cashew Development Corpn. Ltd	978.00
2	Kerala State Cashew Workers Apex Indl.Co.op. Society Ltd (Capex)	236.00
3	KELTRON	450.00
4	Quilon Co-operative Spg. Mills Ltd (TEXFED to pay)	20.00
5	Autokast Ltd, Cherthala	15.00
	Total	**1,699.00**

Details of Provision made in this regard as on 31.03.2022 are as follows:-

Sl No.	Name of the Party	Amounts Provided
1	Kerala State Bamboo Corporation Limited	325.00
2	Metropolitan Industries Limited (KSIE to pay)	16.00
3	Travancore Plywood Industries (KINFRA to pay)	18.00
4	Trivandrum Spinning Mills Ltd	20.00
5	Keltron Projectors	5.00
	Total	**384.00**

The Company is making regular follow up to recover these loans. Details of amounts written off so far as per Govt. directions are as follows:-

Sl No.	Name of the Party	Amounts Written off
1	Steel Complex Limited	15.00
2	Kerala Saliciates	5.00
3	Kerala Soaps and Oils	14.00
4	Keltron Crystals Ltd	8.00
5	Scooters Kerala Limited	6.00
6	Keltron Counters	28.00
7	Keltron Rectifiers	6.00
	Total	**82.00**

Details of amount received so far

Sl No.	Name of the Party	Amount Received
1	Travancore Sugars And Chemicals Limited	9.00
2	Sitaram Textiles	10.00
3	Kerala Construction Components Limited (Refunded by KSIDC)	5.00
4	Kerala Detergents And Chemicals Limited	87.50
	Total	**111.50**

Considering that these loans are given at the instance of the Government of Kerala and the terms of repayment/ other terms are not finalised by the Government, it is impracticable to fair value these loans/advances as required by Ind AS 109. Hence, no accounting for unwinding the implicit interest on these interest free loans could be carried out. The interest is also not recognised in the absence of certainty of collection as the decision will be based on the order of the Government.

B. Company has paid ₹ 1000 lakh to M/s Travancore Titanium Products Ltd (TTPL) on 15.01.2010 as directed vide GO (Rt) No.8/2010/ID dt 02.01.2010 for the implementation of Pollution Abatement Projects of TTPL. The loan carries interest @ 7.5 % per annum. The principal has to be repaid in eight equal half yearly instalments (four years) commencing from January 2011. However TTPL has not repaid the Principal as per schedule. Interest on the above loan is being adjusted against the supply of Sulphuric Acid by TTPL to KMML. During the current year Company has adjusted Rs.170.96 lakhs (previous year ₹ 155.90 lakhs) from the principal amount after fully adjusting the interest receivable up to 31.03.2022 against the supply of Sulphuric Acid. As such, the amount due from M/s TTPL as on 31.03.2022 is ₹ 7.17 lakhs (previous year ₹ 428.13 lakhs).

C. Company has also paid ₹ 300 lakh to M/S United Electrical Industries Limited on 02.07.2010 as bridge loan as directed by the Government vide Letter No 4581/HI/2010/ID dt 17.06.2010 subject to condition that Government of Kerala will refund the amount by 31.03.2011.The Company has received ₹ 296 lakh from Govt. of Kerala and ₹ 1 lakh from United Electricals Industries during the year 2010-11 and the balance ₹ 3 lakh is still pending.

D. Government of Kerala has approved the implementation of certain Greenfield Projects at various places and also the expansion of certain existing PSU's Vide GO(MS) No.103/2010/ID dated 30.04.2010 for a total amount of ₹ 15000 lakh. As per the Government order, KMML has to invest ₹ 6000 lakh for mobilizing funds for the implementation of the above projects which will be treated either as Share Capital or Loan carrying interest @ 7 %. Further, Government vide Order Nos GO (Rt) 935/2010/ID, 936/2010/ID,937/2010/ID and 938/2010/ID all dated 01.07.2010, specified the amount to be given by KMML as follows:-

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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Name of the Project	Equity	Loan
1	Komalapuram High Tech Spinning and Weaving Mills	1,200.00	1,200.00
2	High Tech Weaving Factory at Kannur	666.67	666.67
3	Open End Spinning Project , Uduma *	533.33	533.33
4	Malabar Spinning and Weaving Mills, Kozhikode (Expansion)	750.00	750.00
		3,150.00	**3,150.00**

*This was revised as 'Ring Spinning Project' vide Govt.Order G.O. (Rt) No.1426/10/ID dated 06.10.2010.

The matter was placed before the Board in the meeting held on 19.07.2010. The Board decided to limit the total amount to ₹ 6000 lakh as outlined in the original GO and release the payment to M/s Kerala State Textile Corporation Limited (KSTCL). Accordingly Company has paid ₹ 3000 lakh as 7% interest bearing loan and ₹ 3000 lakh as advance towards Share Capital during the year 2010-11. The necessary documentations on the part of M/s KSTCL in respect of the above loan and Equity are still pending. They have also informed that necessary charges will be created with the Registrar of Companies immediately on execution of loan agreement. In the meantime, the Board of Directors discussed the issue of KSTCL loan in its meeting held on 14.03.2012 and decided to request Govt. to settle this loan. Accordingly, the matter has been taken up with Govt. as well. One more letter sent to Government requesting to refund the dividend paid for the year 2011-12 towards settlement of loan given to KSTCL as per the decision of the Board Meeting held on 03-04-2013.

Regarding issue of Equity Shares, KSTCL has informed that they have requested Govt. for providing Financial assistance of ₹ 40 lakh for meeting the expenses of filing fee for enhancing their Authorized Capital from ₹ 20 crore to ₹ 100 crore and immediately on receipt of the same authorized capital will be increased. As share certificates are not yet received, Company has reclassified the equity investments of ₹ 30 crores under Other Non-Current Assets - Note no. 9 (which was previously grouped under "Investment") to comply with the provisions of Ind AS 109.

The execution of the loan agreement with KSTCL was in the advanced stage. In the meanwhile KSTCL has forwarded two Government Orders G.O.(Rt) No.1448/12/ID dated 27.09.12 and 1531/12/ID dated 11.10.12 delinking Komalapuram Spinning and Weaving Mills Limited, Alappuzha, Uduma Textile Mills, Uduma and Hi-Tech Weaving Factory, Pinarayi, Kannur from KSTCL along with its assets and liabilities and register it as three separate companies.

KSTCL has informed that since the assets and liabilities are transferred to separate companies, the share capital contribution and loan from KMML and interest accrued are also been transferred to new companies. As per the letter forwarded by KSTCL, the entire equity contribution of two companies would be from KMML and companies would deem to be the subsidiaries of KMML u/s 4 of the Companies Act. The matter has been duly represented to the Government. The Government after careful examination issued two Government orders (556/13/10 & 557/13/10 both dated 18-04-2013) cancelling the earlier two orders (1448/12/10 dated 27-09-2012 & 1531/12/10 dated 11-10-2012) delinking the units from KSTCL.

The Company has requested the Government to convert the entire amount of ₹ 60 crores (₹ 30 crores –advance towards share capital and ₹ 30 crore – Soft Loan at 7%) advanced to M/s KSTCL as interest free loan. Govt. vide G.O.(Rt) No.337/2016/ID dated 31.03.2016 has sanctioned to convert the soft loan of ₹ 30 crores carrying 7% interest as interest free loan with effect from 26.08.2010. Accordingly an amount of ₹ 954.02 lakhs being the interest receivable for the period 2010-11 to 2014-15 has been reversed in the books of account during 2015-16. The Company has also requested the Government to settle the loan amount by way of budgetary support from Government of Kerala. Since the matter is pending with the Govt., the loan agreement is not executed and the status quo is maintained.

Since advance to share capital is pending for long period and no share was issued by KSTCL, we requested Government of Kerala vide letter no. TP/FIN/22-23/June/01 dated 23-06-2022 to give necessary directions to KSTC to refund the amount at the earliest.

Considering that the aforesaid amounts (as stated in A to D above) are given at the instance of the Government of Kerala and the terms of repayment/ other terms are not finalised by the Government, it is impracticable to fair value these loans/advances as required by Ind AS 109. Hence, no accounting for unwinding the implicit interest on these interest free loans could be carried out. The interest is also not recognised in the absence of certainty of collection as the decision will be based on the order of the Government.

E. During the year 2017-18, the Company has granted loan to the tune of ₹ 500 lakhs to M/s BHEL - Electrical Machine Limited (BHEL - EML) Kasaragod, a Govt. of India Enterprise (a Subsidiary of M/s BHEL) on 26.02.2018 based on Govt. Order GO (Rt) No. 204/2018/ ID dated 24.02.2018. The tenure of loan is 12 months and the rate of interest is 8.40% p.a. The moratorium for repayment of loan shall be for the first nine months and repayment of loan will be started from 10th month (ie; December 2018) and to be completed in three equal monthly instalments by February 2019. Repayment of interest shall be from 7th month (i.e., September 2018) and to be completed in 6 equal monthly instalments by February 2019. Loan agreement between the Company and M/s BHEL - EML along with repayment schedule has also been executed. However, M/s BHEL-EML has not made any repayment of principal/interest so far.The Company has provided ₹ 42 lakhs during the year towards interest on the above loan @ 8.4% p.a as per the loan agreement (previous year ₹ 38.24 lakh). During the year 2020-21 as a matter of prudence and conservatism, the Company has changed the practice of providing interest on interest due with retrospective effect.

F. During the year 2017-18, the Company has granted a Bridge Loan to the tune of ₹ 200 lakhs to M/s Kerala Automobiles Ltd, Thiruvananthapuram on 20.03.2018 based on Govt. Letter No. H3/57/2018 IND dated 5th March 2018 and subsequent approval by the Board of Directors on 17.03.2018. This was subsequently approved by the Government of Kerala vide GO No. 580/2018/IND dated 18.05.2018. In the said Govt. Order it is also mentioned that there will be Government guarantee for the loan. The tenure of the loan is 24 months and the rate of interest agreed is 8.40% p.a. The moratorium for repayment of loan shall be for the first 6 months and repayment of loan along with interest will be started from 7th month (i.e., October 2018) and will be completed by March 2020. Loan agreement between the Company and M/s Kerala Automobiles Ltd along with repayment schedule has also been executed. However, M/s Kerala Automobile Ltd has not made any repayment so far. The Company has provided ₹ 16.8 lakhs during the year towards interest on the above loan @8.40% p.a. as per the loan agreement. (Previous year 15.30 lakhs). During the year as a matter of prudence and conservatism the Company has changed the practice of providing interest on interest due with retrospective effect.

G. Government of Kerala vide G.O. (Rt) No. 1183/2021/ID dated 27/10/2021 directed KMML to provide an amount of ₹ 1.50 crores to Kerala Electrical and Allied Engineering Company

Limited (KEL) as bridge loan to meet the immediate requirements in connection with the re-opening of BHEL EML on condition that BHEL EML shall repay the amount to KMML through KEL immediately on receipt of fund from State Government for revival of BHEL EML. Accordingly, payment was released to BHEL EML which was later ratified by the Board. The Company has received back the amount on 22/02/2022.

51. A. Contract has been entered into between Vikram Sarabhai Space Centre, ISRO Thiruvananthapuram and the Company for the “Establishment of Titanium Sponge Plant at KMML” on 31-10-2012. As per the Contract, VSSC has contributed ₹ 14,509.08 lakhs (previous year ₹ 14,509.08 lakhs) to fund the project. The entire amount of ₹ 14,509.08 lakhs has been received as on 31-03-2014. The project has been formally commissioned on 31-10-2012, the commercial production and operation has started in Financial year 2012-13. The cost of fixed asset financed by M/S VSSC is reduced by the amount spent for VSSC and shown as zero in the Financial Statements, as the ownership of the facilities/ Equipments shall be rest with VSSC vide Clause 7.0 of the Contract.

B. As per Clause 10 of the Contract, the selling price of the sponge will be production cost plus 10% profit margin for the first two years or till the stabilization of production. The sales value fixed at present is ₹ 15.02 Lakh/ MT for Grade –I, ₹ 9 Lakhs for Grade-2, and ₹ 5.5 Lakhs for Grade- III and ₹ 2.5 Lakhs for fines and for off grades and handling loss the value is taken as zero. The price of Grade I is under revision and pending for JPMC approval. Even though the cost of Production of different grades of sponge are same, the realizable price varies. Accordingly, Closing stock of Grade – I is valued at cost of production as the net realisable value is high upto 31-03-2021. For the year 2021-22, since the cost of production is high for Grade I, stock valuation is done as per the the selling price fixed by VSSC The closing stock of other grades of finished goods are valued at realizable value fixed by VSSC as the cost of production is higher than the price fixed by VSSC.

C. As per Clause no. 10.6 of contract “VSSC will reimburse the total production cost including 10% profit margin minus the sales proceeds of Grade I, II & III sponge to KMML during the first 2 years of commercial production or till the stabilized operations of the plant. In the 47th JPMC held on 19/11/2021 and 21/12/2021 JPMC declared that the plant has attained Stabilised Operation on 31.03.2021 without considering the fact the plant has achieved only around 50 % of installed capacity. The cost of production is much higher than the market price due to lower capacity utilisation, lower capacity of equipments and ageing of the plant. Even though, these issues were pointed out by KMML during the meeting, unilateral decision was taken by the Chairman of the Committee ignoring the concern of KMML. KMML has not accepted the decision of the Committee and our desent was recorded. The minutes of meeting was prepared without the concurrence of KMML and hence not accepted by KMML. Our objections regarding the minutes was communicated to VSSC vide letter dated 15-03-2022. This was also informed to Government vide letter dated 28/06/2022 and requested Government intervention on the matter. Since the minutes of 47th Meeting is not finalised and the matter is pending before the Government, the existing method of stock valuation is continued for the current year also. Suitable changes in the method of valuation, if required, will be made subject to the outcome of decision taken by Government in this regard.

D. As per Clause no. 10.6 of contract “VSSC will reimburse the total production cost including 10% profit margin minus the sales proceeds of Grade I, II & III sponge to KMML during the first 2 years of commercial production or till the stabilized operations of the plant. As per Clause 10.6 of the agreement with VSSC, the gross cash deficiency as on 31-03-2021 is ₹ 83.46 crore and net deficiency of approximately ₹ 19.28 Crore (after considering the value

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of Stock). This is not fully approved by VSSC and is pending for audit. We have raised a claim for ₹ 9.96 crore (which is part of ₹ 19.28 Crores shown above) being actual shortfall in realisation with respect to goods already sold upto 31-03-2022. Decision in this regard is pending from VSSC and hence this amount is not recognized in the books of accounts as done in previous years. Further as per the agreement with VSSC, certain expenditures are eligible for reimbursement from VSSC. This was accounted on receipt basis till 31-03-2021 since there was uncertainty in getting our claim for reimbursement of expenses on time. However, as we are getting the reimbursement of expenses on time, we have accounted ₹ 71.93 Lakhs as receivables in our books of accounts on accrual basis for the year ended on 31-03-2022.

E. A contract has been executed on 30.12.2012 between KMML, Defence Metallurgical Research Laboratory (DMRL) a constituent laboratory of Defence Research and Development Organisation (DRDO) and VSSC for transfer of technology for production of Titanium Sponge. As per clause 9.1 of the contract, after 5 years of production stabilisation period , the annual QA/QC charges /royalty to be paid by KMML to DRDO and related terms and conditions will be freshly decided by DRDO after consultation with VSSC and KMML. However, production stabilization period is not determined by DRDO so far. A committee was constituted for deciding the matter considering the representatives of KMML, DMRL and VSSC. A meeting was convened on 28.06.2018 and again on 28.02.2019 and it was recommended for extending waiver of royalty/technology fee and other related charges for the next five years so as to enable KMML to survive to meet sponge requirements for Country's Strategic applications. Accordingly, competent authority has approved waiver of Royalty/Technology fee and other related charges for the next five years i.e. from 01.11.2017 to 31.10.2022.

52. During the year 2019-20 Company had enhanced the scope of work of perpetual inventory team and they have examined the entire stores and spares costing more than ₹ 4000 as against ₹ 6000 in 2018-19. No items are reported as obsolete/non moving stock during the year. (Previous year: ₹ Nil).

The measurement of Raw Sand is carried out using survey method during the year under report. Due to the inherent limitations of this method exact quantification of this stock is not possible. As per the survey 1020 MT of Raw Sand is found excess during 2021-22 which is mainly due to the presence of semi processed raw materials, moisture content and accumulation of plant slippage over the years, etc. Since the impact is not material considering the volume of business the value of same is not recognised in the books of accounts.

53. A. Income Tax Appeal for the Assessment year 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2016-17, 2017-18 and 2018-19 are pending before various Appellate Authorities. Income tax assessment for the Assessment year 2020-21and 2021-22 are pending. For the Assessment Year 2015-16 and 2019-20, income tax returns were processed under section 143 (1). Further, Department has filed appeal before the Hon'ble High Court for the Assessment Year 2002-03 against the order of ITAT.

B. Interest on loans advanced to other PSUs/Co-operative societies amounting to ₹ 2401.50 lakhs was taxed by the Income Tax Department at notional interest for Assessment year 1998-99, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 despite the G O (Rt) No.641/2004/ID dated 05.07.2004 and GO (Rt) No.601/2007/ID dated 09.05.2007 treating the loans as interest free. Subsequently, Government directed to treat these loans as interest free from the date of disbursement vide GO (MS) No.1363/2008/ID dated 01.12.2007. Favourable orders received from CIT(A) /ITAT deleting this addition.

The Income Tax Department's appeal before Honourable High Court of Kerala against the above orders of ITAT for AY 1998-99, 2000-01, 2001-02 and 2003-04 were dismissed and appeal for the AY 2002-03 is pending. Further, other appeal in the similar matter for AY 2004-05 is also allowed and refund is received.

54. **A.** Central Sales Tax assessments up to 2014-15 is completed and orders were received from the Department. The KVAT assessment for the Financial year 2015-16, 2016-17 and 2017-18 (1st quarter) are pending. Advance with Govt. Department regarding the excess input tax claimed includes ₹ 668.77 lakhs which was disallowed by Assistant Commissioner, Commercial Taxes, Kollam during the assessment under Section 11(6) of the KVAT Act for FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15. Company has filed appeal against these orders with Deputy Commissioner (Appeals), Commercial Taxes, Kollam and the Appellate authority redirected the Assessing authority for fresh disposal of the issues except in the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. The matter is pending before the assessing authority. Appeal for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 is pending before KVAT Appellate Tribunal, Thiruvananthapuram.

Pending assessment, the Company has received ₹ 300 lakhs during the year 2016-17 (out of ₹ 331.12 lakhs receivable as refund for the year 2015-16 as per Form No 21CC-Revised) against submission of Bank Guarantee for equal amount.

B. GST audit for 2018-19 and 2019-20 are completed. GST audit is not mandatory from 2020-21.

55. **A.** The Company was having Working Capital arrangement to the tune of ₹ 50 crores with M/s State Bank of India (SBI) (₹ 49 crores from SBI Kollam and ₹ 1 crores sub limit from SBI Chavara) against hypothecation of entire current assets (Receivables and stock) of the Company and immovable properties i.e. an extent of 71 hectares, 98 Ares and 05 Sq.m.in Re. Sy.No.202/1, Re.Sy.No89/18 in Panmana village of Karunagapally Taluk of Kollam District along with all improvements thereon composed of properties under various Pattas. The Company has created a charge with Registrar of Companies for the above said facility.

B. The Company is also having working capital facility with Axis bank and ICICI Bank also to the tune of ₹ 75 crores and ₹ 50 crores respectively against pari passu charge on assets pledged with SBI.

C. The Company was having a credit rating of “BBB(+)/Stable” obtained from Credit Rating Information Services of India Limited (CRISIL) which was valid up to 31.03.2021 for a total loan taking of ₹ 700 crores considering the capacity expansion projects. However, as the capacity expansion projects will take some more time to materialise, it was decided to reduce the loan facility to ₹ 175 crores for the time being. The rating was later upgraded from “BBB (+)/Stable” to “BBB(+)/Positive” for a total Bank loan facility of ₹ 100 Crores which was valid upto 31.03.2022 Now CRISIL has upgraded the rating of the Company from “BBB (+)/Positive” to “A-/Positive” for a total Bank loan facility of ₹ 175 Crores which is valid upto 31.03.2023 considering the improved performance of the Company. (Short term rating is A2+).

56. In the Audit Report of C & AG for the year ended 31-03-2011, there was a para (para 4.6) regarding irregular payment of service tax to a Contractor M/s Bhavani Erectors P. Ltd. to the tune of ₹ 51.87 lakhs in respect of annual maintenance contract for structural replacement and painting jobs at IBP and PPP area. Government initially entrusted RIAB to conduct an enquiry into the case vide Govt. letter No. 12365/H3/12/ID dated 07-06-2013 and RIAB in their report directed to fix responsibility and report to Govt. In view of the complexities involved in the case, the matter was referred to an external firm of Chartered Accountants for their expert opinion in the matter and they have submitted the report. The matter was placed in the Board meeting held on 20-01-2015 and the Board directed to place the matter in the next meeting with clear recommendation for taking appropriate decision. In the meantime, the Company received a letter from the Government directing to take disciplinary action. Considering the complexity of the matter, the Company forwarded the matter to the Government requesting to take a suitable decision. However, Government vide letter dated 30/06/2016 requested to finalize disciplinary action against the employees who are responsible for irregular payment of service tax and are continuing in service. In the meantime, Vigilance and Anti-Corruption Bureau has ordered Quick Verification of certain transactions of KMML in which payment of service tax was also included. The detailed enquiry has been completed and based on the request from Vigilance and Anti-Corruption Bureau, 249th Board meeting held on 07-12-2021 given prosecution sanction to the concerned retired employees.

57. The Company had issued supply order to M/s Advent Tech DMCC on 17.05.2021 in connection with the supply of all foreign equipments and components at site for 5 TPH integrated pressure filtration and spin flash drying system project. Total cost of foreign components is at EURO 6093000. As per the terms and conditions of the contract 10% may be released against advance Bank Guarantee, 80% against Letter of Credit and balance 10% against Bank Guarantee of equivalent amount. The advance of 10% EURO 609300 paid to supplier is shown in Note 9 as "Capital Advances" under "Other Non-Current Assets".

As a prudent measure of forex risk mitigation we have exercised the option of booking a Forward Contract in respect of 80% of contract value (EURO 4874400) after opening the letter of credit. Based on the opinion of the Internal Auditors, Board accorded its approval to book forward after inviting competitive quotes from the Banks having relationship with KMML. Accordingly, Quotations were invited and executed Exchange Contract on 10.01.2022 for a Forward Rate Agreement with State Bank of India (who quoted the lowest rate) for a Forward Rate of ₹ 87.139/ EURO on 31.08.2022, the fixed date/settlement date for the contract.

As per para 6.1.2 of Ind AS109 there is no mandatory requirement on the part of the entity to apply Hedge Accounting. Hence the contract being in the nature of a derivative is accounted based on the provisions w.r.t Derivative Accounting as per Ind AS 109. Derivative Financial Instruments are to be treated as a Financial liability/asset held for trading and the loss / gain arising on Fair value measurement has to be routed through the Statement of Profit and Loss.

As per the Accounting Policy of the Company Financial liabilities at FVTPL include Financial liabilities held for trading and Financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative Financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. All Derivative Financial Instruments are mandatorily measured at Fair Value through Profit and Loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Derivative Financial Liability arising on the fair value measurement of the Forward Contract entered into with State Bank of India on 10.01.2022 for a Forward Rate of ₹ 87.1390/EURO on 31.08.2022 is designated as a Financial liability at fair value through profit and loss. The agreed Forward rate for settlement date i.e., 31.08.2022 is ₹ 87.139/EURO. The Forward rate on Balance sheet date is ₹ 85.980/EURO. Mark to Market Loss on fair value measurement of the

Derivative Financial Instrument on 31.03.2022 is ₹ 1.159/EURO. Hence the Mark to Market loss of ₹ 56,49,430 is treated as Derivative loss in Statement of Profit and Loss and the corresponding Derivative Financial Liability is accounted.

58. The Board of Directors in its meeting held on 14-08-2018 approved to extent the benefits envisaged in the new Neendakara Parimanam Package to the old land owners which has already been purchased and under possession of KMML and to pay the difference between the old land value and the envisaged land value as per the new package to the previous land owners. Even though the matter was approved by the Board, legal sustainability of granting additional payment over and above the amount shown in the sale deed has to be looked into. This was forwarded to Government for approval. The Approval was made by the Board on the anticipation that mining work at Neendakara area can be commenced from October 2018 onwards. Since the work could not be commenced and approval from Government is not received and exact quantification of liability is not possible at this point of time, this amount is neither provided nor disclosed this as contingent liability. Suitable adjustment/disclosures will be made in the books of accounts after the package is finalized and approved by the Government.

59. The Company is reimbursing 50% of the demand towards water charges in respect of domiciles of adjacent wards of Panmana Grama Panchayat, raised by Scheme Level Executive Committee (Jalanidhi). Since no concrete claims and follow ups are there from Jalanidhi in respect of the balance 50% and 50% waiver has already been received upto December 2013, the Company has neither provided nor disclosed this as contingent liability. The matter will be taken up with Government for appropriate decision and suitable adjustment, if any, will be made based Government decision.

60. During the year Security deposits, Earnest Money Deposits amounting to ₹ 241.89 lakhs which are unclaimed and pending for long period is transferred to remission of liability.

61. The Company has made a payment of ₹ 138.75 lakhs on 11-08-2017 to Executive Engineer, Harbour Engineering Division, Kollam relating to construction of bridge at Kovilthottam being 50% advance of the 50% of KMML contribution towards the cost of the bridge. The nature of expenditure is not clear at this point of time, i.e. whether it is revenue or capital in nature which can be ascertained only after the work is completed. Moreover, the construction of the bridge is not started yet and if the construction is not happened, the amount paid by KMML towards 50% contribution will be returned. The Company has entered into an agreement with Harbour Engineering Department (HED) for construction of foot over bridge. As per the work order given to HED the above advance will be adjusted against the amount payable to HED. Hence the advance given is transferred to other advances.

62. Government vide GO No. GO(Rt) No. 0385/WRD/2019 dtd 31.05.2019 directed KMML to widen and deepen the downstream of the Thottappally Spillway channel and opening of pozhimouth so as to avoid floods at kuttanadu area. Accordingly, an agreement was entered into between Irrigation Department and MOU was signed with IREL. Later on , work was started during the year 2020-21 as part of Disaster Management and dredged and removed sand is transported to KMML and IRE (As per MOU with IRE, 50% of the sand will be shared to IRE and all expenses will be shared equally). The activity is still continuing based on Government Directions.

   A. Company has taken National savings Certificate (NSC) for ₹ 50000 to be submitted to Mining and Geology Department at Orissa in connection with the procurement of Ilmenite from Orissa. The Authorised signatories for enchasing the NSC is retired from the service of the Company. The maturity value of NSC shown under non current investment comes to ₹ 0.76 lakhs. However, the value is retained in the books of Company anticipating realisation of NSC in future.

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B. 240th Board meeting held on 29-05-19 decided to provide one time gift of gold coin as retirement benefit to the employees at the at the time of their retirement from the service by collecting a monthly contribution of ₹ 25 per month from employee and employer. The deficit as on 31-03-22, i.e. ₹ 38.49 lakhs is transferred to expense account during the year.

C. 249th Board meeting held of 07-12-2021 recommended interim dividend of 30% of the share capital of the Company subject to the approval of Government. Dividend per share comes to ₹ 30. Since the approval was received only during the year 2022-23, it is not recognised in the books of accounts as per Ind AS10.

63. Post Retirement Medical Scheme

In the Memorandum of Settlement with the workmen dated 26.02.2009, it was agreed to evolve a scheme for providing Financial assistance for treatment to employees who retire from the service of the Company on superannuation. The matter was discussed at various levels and the Board directed to evolve a scheme which involves contribution from Retired employees and employees in service. Accordingly, a scheme was formulated which was initially placed before the Board in its meeting during November 2019 and later it was approved by the Board in its 243rd meeting dated 21st May 2020. The Board directed the Company to implement the scheme on trial basis for a period of one year w.e.f 01/06/2020 up to 31/05/2021. The Company paid ₹ 64.63 and ₹ 16.29 lakhs towards retirement medical scheme during 2020-21 and 2021-22 respectively and treated as expense and grouped under employee benefit expenses. Since it was implemented on a trial basis, the amount of ₹ 158.63 lakhs collected upto 31-03-2022 is shown under other Financial liabilities. The matter was under the consideration of Government and Government directed the Board to give a report after comparing the schemes available with Travancore Cochin Chemicals (TCC). Suitable adjustment, if any, in accounting treatment will be made during the year 2022-23 based on Government decision.

64. Corporate Social Responsibility (CSR) Activities

The actual amount spent for CSR activities during the year 2021-22 is ₹ 323.46 lakhs. After adjusting the provision of ₹ 94.81 lakhs made during the year 2019-20 balance amount comes to ₹ 228.65 lakhs. As per the provision of CSR, amount to be spent during the year is ₹ 215.82 lakhs. Hence the balance amount of ₹ 12.83 lakhs is transferred to prepaid expenses.

Sl No.	Particulars	2021-22	2020-21
1	Financial Assistance for palliative care/ treatment /medicines to community Health centre	92.30	65.06
2	Financial Assistance to Schools	53.23	3.98
3	Welfare activities in surrounding area	28.52	12.45
4	Covid 19 Related Expenses	130.35	0.00
5	Financial Assistance -others	17.00	94.19
6	Agricultural Activities	2.06	12.98
	Total	**323.46**	**188.66**
	Less/Add Provision of Previous Year	-94.81	-23.90
	Add Provision for Current Year	0.00	94.81
	Less: Amount transferred to Prepaid	12.83	0.00
		215.82	**259.57**

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Amount payable towards CSR as per the rules in this regard works out to ₹ 215.82 Lakhs. Hence, The balance amount of ₹ 12.83 lakhs, being excess amount spent is carried forward.

65. Confirmations

Sundry Creditors, Sundry Debtors, Loans and Advances, Deposit with Government Departments are shown as per books of accounts and are subject to confirmation. However, Company has done the reconciliation of major accounts and confirmation letters were sent to parties.

66. Details of Imported and indigenous Raw materials & chemicals, stores and spares consumed

Sl. No	Particulars	2021-22		2020-21	
		Value	Percentage	Value	Percentage
	Raw Materials and Chemicals*				
a)	Indigenous	26,418.59	96.12	22,303.40	94.03
b)	Imported	1,065.52	3.88	1,416.13	5.97
		27,484.11	100.00	23,719.53	100.00

*includes captive consumption of ₹ 6044.07 lakhs (previous year ₹ 5664.12 lakhs)

Sl. No	Particulars	2021-22		2020-21	
		Value	Percentage	Value	Percentage
	Stores and Spares including Packing Materials				
a)	Indigenous	4,698.48	81.62	3,411.25	78.74
b)	Imported	1,057.83	18.38	920.85	21.26
		5,756.31	100.00	4,332.10	100.00

67. Details of major raw materials purchased

Sl. No	Particulars	2021-22		2020-21	
		Quantity (in MT)	Value	Quantity (in MT)	Value
a)	Chlorine	14,475.173	1,153.80	12,962.580	1,021.05
b)	Synthetic Rutile	0.00	0.00	0.00	0.00
c)	Hydrochloric Acid	35,667.290	1,316.68	35,893.510	1,301.30
d)	Caustic Soda Lye	4,583.930	694.13	3,414.730	527.27
e)	Trimet	166.000	518.57	151.000	467.43
f)	Aluminium Chloride	513.000	292.41	578.490	322.66
g)	Hydrated Lime	15,037.144	1,373.36	13,578.230	1,144.00
h)	Sodium Silicate	3,526.210	450.49	2,979.900	339.45
i)	Liquid Oxygen (M3)	0.00	0.00	1,504,087.200	217.25

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

j)	Aluminium Trihydrate	1,016.614	296.35	879.890	242.55
k)	Zirconium Ortho sulphate	9.560	12.14	19.180	21.92
l)	Carbo Bead	426.000	491.65	413.680	467.70
m)	Magnesium	49.093	113.48	329.800	769.25

68. Details of major raw materials consumed

Sl. No	Particulars	2021-22		2020-21	
		Quantity (in MT)	Value	Quantity (in MT)	Value
a)	Chlorine	14,395.000	1,147.33	12,968.520	1,021.51
b)	Natural Rutile	0.00	0.00	0.000	0.00
c)	Synthetic Rutile	0.00	0.00	0.000	0.00
d)	Hydrochloric Acid	34,979.720	1,290.70	36,429.680	1,320.53
e)	Caustic Soda Lye	4,522.650	683.60	3,548.170	548.51
f)	Trimet	182.750	563.22	142.400	439.22
g)	Aluminium Chloride	584.000	330.79	482.800	268.93
h)	Raw Sand	688,187.716	4,730.08	405,605.331	1,987.04
i)	Hydrated Lime	14,665.345	1,325.88	13,596.200	1,148.07
j)	Sodium Silicate	3,526.940	446.25	3,014.210	343.37
k)	Liquid Oxygen (M3)	0.00	0.00	1,504,087.200	217.25
l)	Aluminium Trihydrate	1,074.626	311.30	938.500	259.93
m)	Zirconium Ortho sulphate	20.100	24.23	19.530	22.48
n)	Carbo Bead	340.500	383.22	366.260	399.18
o)	Magnesium	164.512	378.38	267.310	572.02

Captive Consumption of Oxygen and Nitrogen for the year 2021-22 is 10064555 M^3 and 20785300 M^3 respectively (previous year 11074525 M^3 and 17224625 M^3 respectively) 775.075 MT of Pure Tickle transferred to TSP Unit for ₹ 489.83 lakhs (Previous year 1365.439 MT for ₹ 862.93 lakhs).

69. Government of India have approved M/s Sukumaran & Co, Kochi as the Cost Auditor of the Company for the Financial Year ended 31-03-2022. The audit is in progress.

70. Expenditure on Research and Development

Capital Expenditure

Particulars	Upto March 31, 2022	Upto March 31, 2021
R & D Equipment	422.15	397.65

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Revenue expenditure

Particulars	2021-22	2020-21
Stores & Spares	1.17	-
Salaries & Allowances	105.12	116.7
Other expense	1.47	12.9
Total	107.76	129.60

71. The Impact of Covid 19

In March 2020, the World Health Organization declared Covid 19 to be a pandemic. Consequent to this, the Central / State Governments declared lockdown in the last week of March 2020 which has resulted in disruption to regular business operations, travel bans, quarantines, social distancing and other emergency measures. However, the Company has restarted its operations in the second week of April 2020 after getting necessary permissions / approvals from Govt. of Kerala, by following social distancing, hygiene and other safety measures. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company will continue to closely monitor any material changes to future economic conditions. However the pandemic did not have any material impact on the Financial Statements for the year ended 31.03.2020 and 31/03/2021. The Company has assessed the potential impact of Covid 19 in Financial year 2021-22 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long term basis on useful life of the assets, on Financial position etc.

During the year 2021-22 Company spent an amount of ₹ 4.36 crores towards setting up of Covid First Line Treatment Centre as directed by Government. Government vide G.O.(Rt) No. 510/2021/ID dated 24-05-2021 directed KMML to meet ₹ 1.20 crores from the CSR fund of the Company. Accordingly, ₹ 1.20 crores is met from CSR fund and balance amount of ₹ 3.16 crores is expected to the received from Government as per G.O. no. H3/98/2021/ID 12-06-2021. Hence this amount is shown as receivable in the books of accounts of the Company during the year under report.

72 Key Financial Ratios

Particulars	Unit of Measurement	March 31, 2022	March 31, 2021	Variation in %	Reason
Current Ratio	In multiple	3.00	3.88	(22.68)	
Debt-Equity Ratio	In multiple	0	0	-	
Debt Service Coverage Ratio	In multiple	0	0	-	
Return on Equity Ratio	In %	21.40	10.02	113.57	The increase is mainly due to better operational performance of the company during the year.
Inventory Turnover Ratio	In Days	93.70	110.66	(15.33)	

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Trade receivables Turnover Ratio	In Days	50.45	62.33	(19.06)	
Trade payables Turnover Ratio	In Days	23.35	29.34	(20.42)	
Net Capital Turnover Ratio	In Days	120.80	143.65	(15.91)	
Net Profit Ratio	In %	28.25	10.58	167.01	The increase is mainly due to better operational performance of the company during the year.
Return on Capital Employed	In %	19.41	10.76	80.39	The increase is mainly due to better operational performance of the company during the year.
Return on Investment (Assets)	In %	16.40	7.44	120.43	The increase is mainly due to better operational performance of the company during the year.

Formula adopted for above Ratios:

Current Ratio	=	Current Assets / (Total Current Liabilities – Security Deposits payable on Demand – Current maturities of Long Term Debt)
Debt-Equity Ratio	=	Total Debt / Total Equity
Debt Service Coverage Ratio	=	(EBITDA – Current Tax) / (Principal Repayment + Gross Interest on term loans)
Return on Equity Ratio	=	Total Comprehensive Income / Average Total Equity
Inventory Turnover Ratio (Average Inventory days)	=	365 / (Net Revenue / Average Inventories)
Trade receivables Turnover Ratio (Average Receivables days)	=	365 / (Net Revenue / Average Trade receivables)
Trade Payables Turnover Ratio (Average Payable days)	=	365 / (Net Revenue / Average Trade payables)
Net Capital Turnover Ratio	=	(Inventory Turnover Ratio + Trade receivables turnover ratio – Trade payables turnover ratio)
Net Profit Ratio	=	Net Profit / Net Revenue
Return on Capital employed	=	(Total Comprehensive Income + Interest) / (Average of (Equity + Total Debt))
Return on Investment (Assets)	=	Total Comprehensive Income / Average Total Assets

Notes to Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

74. The Company do not have any parent Company and accordingly, compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable for the year under consideration.

75. There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

76. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

77. The Company has also not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

78. The Company is required to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, with effect from 01-04-2021. Accordingly the Company has complied with the disclosure and presentation requirements as per the aforesaid amendments. Previous year figures have been regrouped/reclassified wherever necessary to correspond to the current years classification/disclosures.

For and on behalf of the Board

As per our report of even date attached
K VENKATACHALAM AIYER & CO.
Chartered Accountants
FRN 004610S

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chandrabose J	**Anoop. S**	**V Anilkumar**	**Jaison Thomas**	**Roopesh R**
Managing Director	Director	DGM	Company	Partner
DIN : 07690271	DIN : 03399884	(Finance)	Secretary	Mem. No. 228891

Place : Thiruvananthapuram, India
Date : 25.07.2022

GOVERNMENT OF KERALA

No. 2205423/PU-D1/163/2022/Fin. Finance (PU-D) Department

COMMENTS OF THE SECRETARY (FINANCE EXPENDITURE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA MINERALS AND METALS LTD (KMML) –FOR THE FY 2021-22

i. The capacity utilization for the year 2021-22 has increased compared to previous years other than in the production of zircon.

ii. Company's profit increased from ₹ 11549.68 lakhs in 2020-21 to ₹ 30922.35 lakhs (before tax) during this year. Hence attempt should be made for the retention of this positive trend.

iii. Total expense has been reduced to 73.96% over the previous year's 87.91%

iv. The current ratio of the company is 3:1 and the quick ratio is 1.37:1.The management may analyze its liquidity.

v. Trade receivables & trade payable decreased in the current year over the previous year. The management may look into this.

vi. The company shall confirm balances of items under current assets and current liabilities.

vii. The company shall maintain proper books of accounts and records.

viii. There should be a regular mechanism for verification of inventories.

ix. The company shall strengthen its internal control system measures.

Sd/-
REJANIMOL P.T.
Deputy **Secretary (Finance)**
For Additional Chief Secretary (Finance)

Thiruvananthapuram
Date: 30.11.2022

REPLY TO THE COMMENTS OF SECRETARY (FINANCE EXPENDITURE) ON THE AUDITOR ANNUAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2021-2022.

Point No. i

The increase in capacity Utilization was mainly due to better operational performance of the Company. In the case of Zircon, the capacity utilization was less due to lower mineral content in the feed sand.

Point No. ii

The increase in profitability was mainly due to higher realization on account of better price prevailed in the international market. The operational efficiency has also contributed for better performance. However, now the prices in the International Market is coming down sharply which may affect the profitability of the Company. The cost of production has also gone up mainly due to the increasing prices of raw materials, especially petroleum products. Steps are being taken by the Company to improve the operational performance to overcome the decrease in price and increase in cost.

Point No. iii

The decrease in expenditure as a percentage of Income is due to better realization obtained during the year 2021-2022.

Point No. iv

The Company has sufficient liquidity and the current ratio and quick ratio of the company are above standard limit. The current ratio and quick ratio of the company as on 31-03 22 is 3:1 and 1.37: 1 against the standard ratio of 2:1 and 1 : 1 respectively.

Point No. v

The sales reflected during the last quarter of 2021-2022 was lower than the sales of the same period of previous year. This resulted lower debtors as on 31st March 2022 compared to previous year. Trade payable is more or less same compared with previous year.

Point No. vi

The balance under all the items of current Assets and current Liabilities are verified and certified by the Statutory Auditors of the Company. This was placed before the Audit Committee and was also approved by the Board of Directors of the Company.

Point No. vii

Company is maintaining proper books of Accounts and Records.

Point No. viii

There is a regular mechanism prevailing in the Company for continues verification in inventories.

Point No. ix

Steps are being taken by the Company to strengthen the internal control system measures.

75th year of Independence "Azadi ka Amrit Mahothsav" Celebration at KMML

The harvest of the vegetable farming on the compound of the company guesthouse. The vegetables were cultivated as part of the government's Onam farming program, named "Njangalum Krishiyileku."

Medical camp organized at KMML as part of the welfare of the employees.

A green turn, Biological Rejuvenation of Mined Areas in collaboration with the Neendakara Coast Police, KMML launched the "Haritham Ee Theeram" project. The first phase of the project was inaugurated by Kollam District Police Chief Sri. T. Narayanan IPS

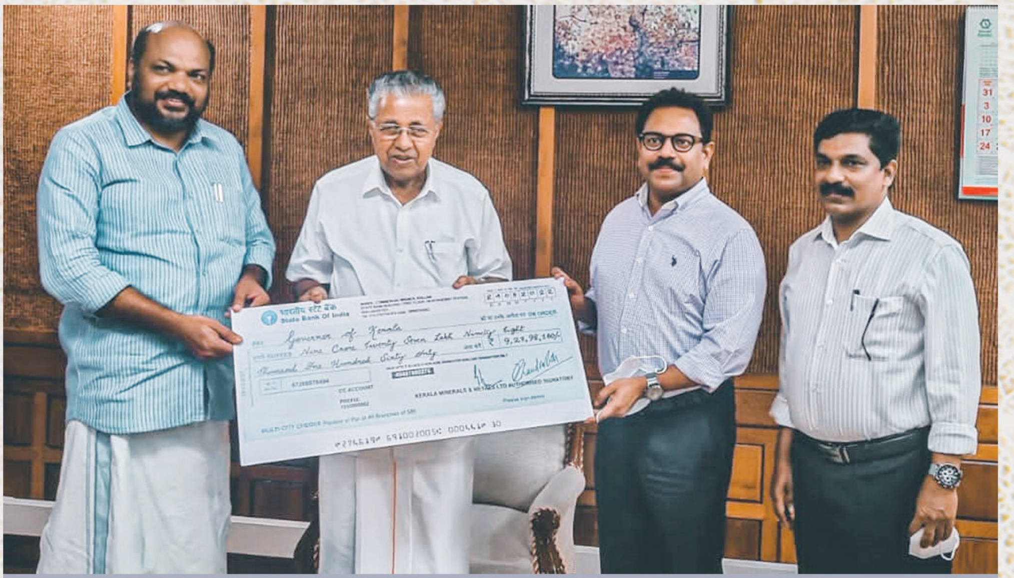
A mock drill was held at KMML as part of national fire safety week.

The agriculture produce of KMML, along with Onapudavas, is distributed by the Managing Director to palliative care families as part of the CSR activities of company.

The KMML Managing Director distributed bicycles to 9 girls (daughters of fishermen) of VV Velukkutty Aryan Memorial Government Regional Fisheries Technical High School as part of CSR activities.

The renovated conference hall in KMML Guest house is being inaugurated by the Hon'ble Minister for Industries, Law and Coir on August 16th, 2022.

Free Medical Camp Arranged by KMML at Chittur



KMML has handed over the dividend for the 2021-22 to the state Government. A cheque of ₹ 9,27.98,160/- was handed over to Hon'ble Chief Minister by Hon'ble Minister for Industries, Law and Coir, Hon'ble Principal Secretary for Industries & Chairman, KMML & Managing Director, KMML.

A review meeting of KMML activities was held on August 16th, 2022 in the conference hall at KMML Guest house under the Chairmanship of the Hon'ble Minister for Industries, Law and Coir.

As part of CSR activities, KMML donate furniture to the Panmana Manayil Government L.P. School for the LKG and UKG classes.

A workshop was organized for the children of employees of KMML and students from surrounding schools to provide guidance on civil services.

As part of Environment day celebration planted fruit trees in KMML, State Factories and Boilers Department senior joint director Shri. S Mani and State Pollution Control Board environmental engineer Srimati. P. Simi are participated.

As part of mine safety week, a personality development class was organized for the students from surrounding schools and was led by the famous magician Sri. Gopinath Muthukad.

KMML Donate umbrellas to various Schools at Thottappally, as a part of the CSR Activities of KMML and IREL.

Spreading Splendour

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