

# Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019

## BACKGROUND

Kiri Industries Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956 having CIN as L24231GJ1998PLC034094. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. Its registered office is situated at 7<sup>th</sup> Floor, Hasubhai Chambers, Nr. Town Hall, Ellisbridge, Ahmedabad-380 006 Gujarat, India. The Company is engaged in manufacturing and selling of Dyes, Dyes Intermediates and Basic Chemicals.

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 BASIS FOR PREPARATION OF ACCOUNTS

##### a) Statement of compliance with Ind AS

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### b) Current versus Non-Current classification

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criteria set out in the Schedule III of the Act.

##### c) Historical Cost Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans - plan assets measured at fair value

#### 1.2 USE OF ESTIMATES

The presentation of the financial statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 23 - Current/deferred tax expense

Note 40 - Measurement of defined benefit obligations

Note 39 - Provisions and contingencies

#### 1.3 REVENUE RECOGNITION

##### a) Sale of Goods:

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and volume rebates. It includes excise duty and subsidy and excludes Value Added Tax / Sales Tax and Goods and Service Tax.

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### b) **Export Benefits:**

Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

Merchandise Exports from India Scheme (MEIS) income is recognized on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales.

### c) **Dividend:**

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

### d) **Insurance Claims:**

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 1.4 FOREIGN CURRENCY TRANSACTIONS

### **Functional and Presentation Currency**

The financial statements are presented in Indian Rupee (INR), which is company's functional and presentation currency.

### **Transactions and Balances**

- a) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Statement of Profit and Loss.
- b) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company may enter into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expenses for the year.
- c) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ ( losses ).
- d) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## 1.5 PROPERTY, PLANT AND EQUIPMENTS

### **Tangible Assets**

- a) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
- b) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- c) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- d) An item of Property, Plant or Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- e) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- f) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

- g) Capital Work in Progress includes expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the project.

### 1.6 INTANGIBLE ASSETS

#### Intangible Assets acquired separately

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

#### Internally-generated intangible assets - Research and Development expenditure

Assessment of whether an internally generated Intangible Asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an Intangible Asset under development on fulfilment of following conditions:-

- The technical feasibility of completing the Intangible Asset so that it will be available for use or sale;
- The intention to complete the Intangible Asset and use or sell it;
- The ability to use or sell the Intangible Asset;
- The Intangible Asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset; and
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

The amount initially recognized for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the Statement of Profit and Loss in the period in which it is incurred.

#### Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss when the asset is derecognized

#### Transition to Ind AS

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

### 1.7 IMPAIRMENT OF INVESTMENT

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

### 1.8 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.

### 1.9 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the Company for its intended use. The useful life so determined is as follows:

Asset	Amortisation Period
Software Licenses	3 years

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

### 1.10 NON-DERIVATIVE FINANCIAL INSTRUMENTS

Financial Assets and Liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets and Financial Liabilities (other than financial assets and financial liabilities valued at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of Financial Asset or Financial Liability.

#### Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### Financial Assets at Amortised cost

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

#### Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

#### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

### Financial Liabilities

Financial Liabilities are measured at amortised cost using the effective interest method.

### Equity Investment

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. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

### Loan and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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.

### Trade and Other Payables

These amounts represent liability for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Offsetting of Financial Instruments

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

#### a) Investments in Subsidiaries

##### **A Subsidiary is an entity that is controlled by the Company.**

The Company accounts for each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements

#### b) Impairment

##### **Financial Assets (other than at fair value)**

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

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### 1.11 INVENTORIES

- Inventories are stated at the lower of cost and net realizable value.
- Cost of Raw Material is determined on FIFO basis.
- Stores and Consumables are valued at cost or net realizable value whichever is lower.
- Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition.
- Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Semi Finished Goods is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs and manufacturing overheads.
- Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

### 1.12 RECOVERABILITY OF TRADE RECEIVABLE

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counter-party, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### 1.13 LITIGATION

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

### 1.14 BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- a) Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- b) Borrowing costs are being incurred; and
- c) Activities that are necessary to prepare the asset for its intended use are in progress.
- d) A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted.

### 1.15 EMPLOYEE BENEFITS

#### a) Short term employee benefit obligations

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

#### b) Other long term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognized in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### c) Post-employment obligations

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as Gratuity; and
- B. Defined contribution plan such as Provident Fund

#### Gratuity Obligations

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

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

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

### Defined Contribution Plans

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

### 1.16 GOODS AND SERVICE TAX

GST Credit of Raw Materials and Other Consumables is accounted at the time of purchase and the same is being adjusted to the cost of Raw Materials and Other Consumables.

### 1.17 ACCOUNTING FOR TAXES ON INCOME

#### Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in Deferred Tax Assets and Liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

#### Deferred Taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

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. Unrecognized Deferred Tax Assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### 1.18 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognized for future operating losses.

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 recognized as interest expense.

As a policy, the company is regularly accessing the liability arising due to delay in fulfillment of the obligation against advance licenses taken for duty free import of the goods / various investment related schemes and required provisions are carried out in the books.

#### Contingent Liability is disclosed in the case of:

- a) A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A present obligation arising from the past events, when no reliable estimate is possible;
- c) A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

### 1.19 LEASES

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the Lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operating leases.

#### a) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the Lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the Lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

#### b) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the Lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in Statement of Profit or Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.



## Statement on Significant Accounting Policies for the year ended on 31<sup>st</sup> March, 2019 (Contd.)

### 1.20 EARNING PER SHARE

#### Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

#### Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 1.21 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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

### 1.22 STATEMENT OF CASH FLOWS

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 1.23 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Director's Report.

### 1.24 EXCEPTIONS ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019

### 2. Property, Plant and Equipments

Assets	Gross Block			Depreciation / Amortisation			Net Block	
	Opening	Addition	Sales / Adjustments	Opening	Addition	Sales / Adjustments	As on 31-03-2019	As on 31-03-2018
<b>2.1 Property, Plant and Equipment</b>								
Freehold Land	802.86	-	-	802.86	-	-	802.86	802.86
Leasehold Land	2,334.72	-	-	2,334.72	13.56	20.85	2,300.31	2,321.16
Building	7,147.08	1,525.73	-	8,672.81	481.87	276.30	7,914.64	6,665.21
Plant & Equipments	28,063.35	8,592.39	-	36,655.74	3,802.96	2,270.86	30,581.92	24,260.39
Electrification	540.28	542.22	-	1,082.50	207.34	169.89	705.27	332.94
Office Equipments	61.74	22.43	-	84.17	21.80	14.19	48.18	39.94
Furniture & Fixture	75.73	27.86	-	103.59	35.20	13.41	54.98	40.53
Vehicles	472.05	169.21	4.55	636.71	130.39	71.03	439.42	341.66
Computer	55.03	15.50	-	70.53	12.54	6.54	51.45	42.49
<b>Total Property Plant &amp; Equipment (A)</b>	<b>39,552.84</b>	<b>10,895.34</b>	<b>4.55</b>	<b>50,443.63</b>	<b>4,705.66</b>	<b>2,843.07</b>	<b>42,899.03</b>	<b>34,847.18</b>
<b>2.2 Intangible Assets</b>								
Computer Software	26.07	4.37	-	30.44	13.01	6.86	10.57	13.06
<b>Total Intangible Assets (B)</b>	<b>26.07</b>	<b>4.37</b>	<b>-</b>	<b>30.44</b>	<b>13.01</b>	<b>6.86</b>	<b>10.57</b>	<b>13.06</b>
<b>2.3 Capital Work in Progress</b>								
Capital Work In Progress	3,212.85	7,328.27	6,768.27	3,772.85	-	-	3,772.85	3,212.85
<b>Total Capital Work in Progress (C)</b>	<b>3,212.85</b>	<b>7,328.27</b>	<b>6,768.27</b>	<b>3,772.85</b>	<b>-</b>	<b>-</b>	<b>3,772.85</b>	<b>3,212.85</b>
<b>Total A+B+C</b>	<b>42,791.76</b>	<b>18,227.98</b>	<b>6,772.82</b>	<b>54,246.92</b>	<b>4,718.67</b>	<b>2,849.93</b>	<b>46,682.45</b>	<b>38,073.09</b>

- Land includes agricultural land intended for industrial purpose, held in the name of the chairman of the Company in his fiduciary capacity as per section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agriculture land into non agriculture land.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 2. Property, Plant and Equipments

Assets	For FY 2017-18			Gross Block			Depreciation / Amortisation			Net Block	
	Opening	Addition	Sales / Adjustments	Closing	Opening	Addition	Sales / Adjustments	Closing	As on 31-03-2018	As on 31-03-2017	
<b>2.1 Property, Plant and Equipment</b>											
Freehold Land	802.86	-	-	802.86	-	-	-	-	802.86	802.86	
Leasehold Land	519.72	1,815.00	-	2,334.72	2.51	11.05	-	13.56	2,321.16	517.21	
Building	6,362.60	784.48	-	7,147.08	236.24	245.63	-	481.87	6,665.21	6,126.36	
Plant & Equipments	24,032.10	4,031.25	-	28,063.35	1,768.63	2,034.33	-	3,802.96	24,260.39	22,263.47	
Electrification	527.67	12.61	-	540.28	105.87	101.47	-	207.34	332.94	421.80	
Office Equipments	47.69	14.05	-	61.74	10.02	11.78	-	21.80	39.94	37.67	
Furniture & Fixture	74.76	0.97	-	75.73	18.14	17.06	-	35.20	40.53	56.62	
Vehicles	274.27	208.77	10.99	472.05	64.88	69.95	4.43	130.39	341.66	209.39	
Computer	49.67	5.36	-	55.03	6.61	5.93	-	12.54	42.49	43.06	
<b>Total Property Plant &amp; Equipment (A)</b>	<b>32,691.34</b>	<b>6,872.49</b>	<b>10.99</b>	<b>39,552.84</b>	<b>2,212.90</b>	<b>2,497.19</b>	<b>4.43</b>	<b>4,705.66</b>	<b>34,847.18</b>	<b>30,478.44</b>	
<b>2.2 Intangible Assets</b>											
Computer Software	15.33	10.74	-	26.07	5.34	7.67	-	13.01	13.06	9.99	
<b>Total Intangible Assets (B)</b>	<b>15.33</b>	<b>10.74</b>	<b>-</b>	<b>26.07</b>	<b>5.34</b>	<b>7.67</b>	<b>-</b>	<b>13.01</b>	<b>13.06</b>	<b>9.99</b>	
<b>2.3 Capital Work in Progress</b>											
Capital Work In Progress	3,603.39	3,792.09	4,182.63	3,212.85	-	-	-	-	3,212.85	3,603.39	
<b>Total Capital Work in Progress (C)</b>	<b>3,603.39</b>	<b>3,792.09</b>	<b>4,182.63</b>	<b>3,212.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,212.85</b>	<b>3,603.39</b>	
<b>Total A+B+C</b>	<b>36,310.06</b>	<b>10,675.32</b>	<b>4,193.62</b>	<b>42,791.76</b>	<b>2,218.24</b>	<b>2,504.86</b>	<b>4.43</b>	<b>4,718.67</b>	<b>38,073.09</b>	<b>34,091.82</b>	

- Land includes agricultural land intended for industrial purpose, held in the name of the chairman of the Company in his fiduciary capacity as per section 88 of the Indian Trust Act, 1882, pending necessary approval for conversion of agriculture land into non agriculture land.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 3. Investment - Non-Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>A) Investments in Equity Shares carried at Cost (Fully Paid) - Unquoted Equity Shares</b>		
<b>(I) Investment in Subsidiaries</b>		
38,39,000 Equity Shares (P.Y. 38,39,000) of HK \$ 1 each in Synthesis International Ltd.	256.86	256.86
9,70,000 Equity Shares (P.Y. 9,70,000) of NTD 10 each in SMS Chemical Co Ltd Fully Paid Up	339.53	339.53
200 Equity Shares (P.Y. 200) of AED 1000 each in Chemhub Trading DMCC	28.81	28.81
Less : Impairment of Investments in SMS Chemical Co Ltd & Synthesis International Ltd.	(596.39)	(596.39)
<b>(II) Investment in Associate Company</b>		
26,23,354 Equity Shares ( P.Y. 26,23,354) of SG \$ 10 each in DyStar Global Holdings (Singapore) Pte. Ltd.	9,550.23	9,550.23
26,25,000 Equity Shares (P.Y. 26,25,000) of INR 10 each in Kiri Infrastructure Private Limited	1,443.75	1,443.75
<b>(III) Investment in Joint Venture Company</b>		
3,00,00,000 Equity Shares (P.Y.3,00,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	3,000.00	3,000.00
<b>B) Investments in Preference Shares carried at Cost (Fully Paid)</b>		
<b>(I) Investment in Joint Venture Company</b>		
NIL, 5% Non Cumulative Redeemable Preference Shares (P.Y. 58,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	-	580.00
<b>Total</b>	<b>14,022.79</b>	<b>14,602.79</b>

### Aggregate Value of Unquoted Investment

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Non -current	14,022.79	14,602.79
Aggregate Value of Impairment In Value of Investment	596.39	596.39

Note:

- i) The Company had made assessment of investment in its Subsidiary SMS Chemical Co Ltd and taken into account the past business performances and prevailing condition. As a matter of prudence, the company has written off diminution in carrying value of investments of INR 339.53 Lakhs as on 1<sup>st</sup> April 2016.
- ii) The Company had made investment in its Subsidiary Synthesis International Limited (Wholly Owned Subsidiary). The company has already initiated the process for winding up of the Company with competent authority. As a matter of prudence, the company has written off diminution in carrying value of investments of INR 256.86 Lakhs as on 1<sup>st</sup> April 2016.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 4. Non-Current Financial Assets - Investments

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Investments in Equity Shares carried at Cost (Fully Paid) - Unquoted Equity Shares</b>		
20,000 Equity Shares (P.Y. 20,000) of INR 25 each in Kalupur Commercial Co-Operative Bank Limited.	5.00	5.00
10,000 Equity Shares (P.Y. 10,000 ) of INR 10 each in Kapsil Aqua Enviro Limited	1.00	1.00
<b>Total</b>	<b>6.00</b>	<b>6.00</b>

### Aggregate Value of Un-Quoted Investment

Particulars	FY 2018-19	FY 2017-18
Non -current	6.00	6.00
Aggregate Value of Provision for Diminution in Value	-	-

### 5. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Unsecured Considered Good</b>		
Trade Receivables	356.47	-
<b>Total</b>	<b>356.47</b>	<b>-</b>

### 6. Other Non-Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Security Deposits	897.12	639.65
<b>Total</b>	<b>897.12</b>	<b>639.65</b>

### 7. Other Non-Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Capital Advances</b>		
Capital Advances	6,427.27	1,550.44
<b>Advances other than Capital Advances</b>		
Balances with Government Authorities	-	21.78
Non-Current Tax Assets	827.07	650.42
<b>Total</b>	<b>7,254.34</b>	<b>2,222.64</b>

Note:

- i) Capital Advances include advances to an intermediary for purchase of land for the Company. Advances also include capital advances given to a party for industrial land pending necessary formalities for transfer.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 8. Inventories

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Raw Material & Stores and Spares	5,790.11	1,605.70
Finished Goods	3,652.98	3,085.58
Stock in Process & Semi Finished Goods	1,201.24	866.26
Packing Material	138.85	91.63
Fuel	43.18	28.15
<b>Total</b>	<b>10,826.36</b>	<b>5,677.32</b>

### 9. Investments in Subsidiary / Associate - Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Investments in Preference Shares carried at Cost (Fully Paid) -</b>		
<b>Investment in Joint Venture Company</b>		
NIL, 5% Non Cumulative Redeemable Preference Shares (P.Y.2,20,00,000) of INR 10 each in Lonsen Kiri Chemical Industries Limited.	-	2,220.00
<b>Total</b>	<b>-</b>	<b>2,220.00</b>

Note:

- i) Out of the total long term investment of INR 2,800.00 Lakhs in the redeemable preference shares of Lonsen Kiri Chemical Industries Limited a Joint Venture Company, a sum of INR 320.00 Lakhs was due and receivable by the Company in December, 2017. The company has received the same on 20.09.2018.

### 10. Trade Receivables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Unsecured and Considered good</b>		
Trade Receivables	21,083.06	18,103.48
	<b>21,083.06</b>	<b>18,103.48</b>
Less : Provision for Doubtful Debts	233.16	-
<b>Total</b>	<b>20,849.90</b>	<b>18,103.48</b>

Note:

- i) Trade Receivables Includes INR 3,957.30 Lakhs as at 31<sup>st</sup> March 2019 (Previous Year as at 31<sup>st</sup> March 2018 INR 3,955.30 Lakhs) due from related parties.
- ii) Provision for Doubtful Debts of INR 233.16 Lakhs was made against outstanding export sales from a party which is doubtful of recovery.
- iii) The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

### 11. Cash and Cash Equivalents

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Balance with Banks in Current Accounts	939.09	555.90
Cash on Hand	2.56	2.55
<b>Total</b>	<b>941.65</b>	<b>558.45</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 12. Other Bank Balances

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposit for Margin Money with Banks	103.31	97.86
Balances with Banks for Un paid Dividends	-	0.35
Other Bank Balances	12.35	-
<b>Total</b>	<b>115.66</b>	<b>98.21</b>

Note:

- i) The Current Account balance includes unpaid dividend of NIL as at 31<sup>st</sup> March 2019 (Previous Year as at 31<sup>st</sup> March 2018 INR 0.35 Lakhs) which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts.
- ii) Fixed Deposit with banks which is held as Margin Money or Security, Guarantee etc. of INR 103.31 Lakhs as at 31<sup>st</sup> March 2019 (Previous Year as at 31<sup>st</sup> March 2018 INR 97.85 Lakhs)
- iii) The Company had created trust with SBI, ICICI & LIC for providing Gratuity benefits to the employees in past years and had contributed premium to cover the liability for gratuity. Premium paid in the past years were charged to revenue. Under the scheme, there were two bank accounts i.e. SBI Life Insurance-Group Gratuity Scheme and LIC-GGCa whose respective balances as on 31-03-2019 were as INR 3.26 Lakhs and INR 9.09 Lakhs. The company has accounted bank accounts of SBI and LIC in books of accounts during the year.

### 13. Loans

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Unsecured and Considered Good</b>		
Advance to Subsidiary Company (Share Application Money)	17.64	17.64
Loan to Others	1,208.26	633.79
Loan to Employees	586.36	515.84
<b>Total</b>	<b>1,812.26</b>	<b>1,167.27</b>

Note:

- i) Loans include Advances of INR 17.64 Lakhs to wholly owned subsidiary company M/s. Chemhub Trading DMCC at Dubai, given towards share application money.

### 14. Other Current Financial Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Export Benefit Receivable	416.55	339.39
Others	96.76	162.73
<b>Total</b>	<b>513.31</b>	<b>502.12</b>

### 15. Current Tax Assets (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advance tax and TDS	111.47	413.32
<b>Total</b>	<b>111.47</b>	<b>413.32</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 16. Other Current Assets

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Advances other than Capital Advances</b>		
Balance with Government Authorities	1,164.76	963.07
Advances to Suppliers	780.29	678.33
Prepaid Expenses	91.52	106.15
<b>Total</b>	<b>2,036.57</b>	<b>1,747.55</b>

### 17. Share Capital

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>AUTHORISED</b>		
15,00,00,000 Equity Shares (Previous year 15,00,00,000) of INR 10/-each	15,000.00	15,000.00
5,00,00,000 Preference Shares (Previous year 5,00,00,000) of INR 10/-each	5,000.00	5,000.00
<b>Total</b>	<b>20,000.00</b>	<b>20,000.00</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
31,343,951 Equity Shares (Previous year as at 31 <sup>st</sup> March, 2018: 30,243,951) of INR 10/- each fully paid up	3,134.40	3,024.40
<b>Total</b>	<b>3,134.40</b>	<b>3,024.40</b>

The reconciliation of the number of Equity Shares outstanding as at 31.03.2019 and 31.03.2018 is set out below:

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No of Shares	Amount	No of Shares	Amount
Number of shares at the beginning of the year	30,243,951	3,024.40	27,843,951	2,784.40
Add: Shares issued during the year	1,100,000	110.00	2,400,000	240.00
Number of shares at the end of the year	31,343,951	3,134.40	30,243,951	3,024.40

Note:

- i) During the year, the company has converted 1,100,000 Warrants (Previous Year 2,400,000) issued to Equinaire Chemtech LLP into 1,100,000 Equity shares of INR 10 each at issue price of INR 363/- each Share (Previous Year 2,400,000 Equity Shares at issue price of INR 363/-per Share)

The details of shareholder holding more than 5% Equity Shares:

Name of the shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of shares	%	No. of shares	%
Mr. Pravin Kiri	2,501,680	7.98	2,501,680	8.27
Mr. Manish Kiri	1,822,728	5.82	1,822,728	6.03
Mrs. Anupama Kiri	5,701,238	18.19	5,701,238	18.85
Equinaire Chemtech LLP	3,500,000	11.17	2,400,000	7.94

Rights and Restrictions:

- i) The Company has only one class of Equity Shares having face value of INR 10/- per share. The Equity Share holder is entitled to one vote per share. The Equity Shareholders have equal dividend rights in proportion to their shareholding.



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

- ii) The Company has only one class of Preference Shares carrying no voting right and have fixed dividend right @ 0.15% per share of face value.

<b>18. Other Equity</b>		(INR in Lakhs)	
<b>Particulars</b>	<b>FY 2018-19</b>	<b>FY 2017-18</b>	
<b>Securities Premium Account</b>			
As per Last year accounts	44,230.64	35,771.35	
Add : Addition during the year	3,883.00	8,472.00	
Less : Share / FCCB Conversion Exps.	-	(12.71)	
	<b>48,113.64</b>	<b>44,230.64</b>	
<b>General Reserve</b>			
As per Last year accounts	1,617.60	1,617.60	
Add : Addition during the year	-	-	
	<b>1,617.60</b>	<b>1,617.60</b>	
<b>Money Received against Share Warrant</b>			
As per Last year accounts	3,993.00	12,705.00	
Add : Addition during the year	-	-	
Less : Issue of Share against Warrant	(3,993.00)	(8,712.00)	
	<b>-</b>	<b>3,993.00</b>	
<b>Equity Component of Convertible Foreign Currency Bond</b>			
As per Last year accounts	2,464.98	1,034.03	
Add : Addition during the year	-	1,430.95	
	<b>2,464.98</b>	<b>2,464.98</b>	
<b>Redemption Reserve for Non Convertible Preference Shares</b>			
As per Last year accounts	185.72	123.81	
Add : Addition during the year	61.91	61.91	
	<b>247.63</b>	<b>185.72</b>	
<b>Retained Earnings</b>			
As per Last year accounts	(4,425.35)	(14,623.92)	
Add : Surplus during the year	11,983.44	10,260.48	
	<b>7,558.09</b>	<b>(4,363.44)</b>	
Less : Redemption Reserve for Non Convertible Preference Shares	(61.91)	(61.91)	
	<b>7,496.18</b>	<b>(4,425.35)</b>	
<b>Total</b>	<b>59,940.04</b>	<b>48,066.59</b>	

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 19. Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Borrowings</b>		
<b>a) Secured</b>		
In Indian Currency		
Term Loan Facility from ARCs	12,153.00	13,620.30
Other Borrowings	45.04	53.00
(Refer Note 26 for Current Maturity of Term Loan INR 1474.65 Lakhs (P.Y. INR 1,528.32 Lakhs)		
<b>b) Unsecured</b>		
Inter Corporate Deposits	2,027.50	1,311.70
<b>Other Financial Liabilities</b>		
43,33,500 (P.Y. 43,33,500) 0.15% Cumulative Non Convertible Redeemable Preference Shares Redemption Price - INR 15 per share	650.03	650.03
<b>Total</b>	<b>14,875.57</b>	<b>15,635.03</b>

i) The details of security offered for the long term borrowings and current maturity of long term debts taken from ARCs are set out below :

SN	Description of Assets/Security	Security given to
1	All that piece or parcel of lease hold Plot No. 299/1/A, ad-measuring about 3767 sq. mts., along-with factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
2	All that piece or parcel of lease hold Plot No. 299/1/B, ad-measuring about 2050 sq. mts., along-with factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 416/p and 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
3	All that piece or parcel of lease hold Plot No. 10/8, (Phase-I), ad-measuring about 2539 Sq. Mtrs. along-with Factory shed building, Plant and Machinery standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey No. 418/p of mouje: Vinzol & Vatwa, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
4	All that piece or parcel of non-agricultural land bearing amalgamated Block No. 396 (allotted in lieu of old Block Nos. 396, 399, 400/A, 400/B, 401, 402, 403 and 404/A) totally ad-measuring about 45773 sq. mts. Along-with factory shed building, plant and machinery at Mouje: Dudhavada, Taluka: Padra, Registration District Vadodara and Sub-District Padra.	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
5	All that piece and parcel of non-agricultural land bearing Block No. 552/A, 566, 567, 569, 570 & 571 ad-measuring about 31942 sq.mts., Along-with factory shed building, plant and machinery at Mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
6	All that piece or parcel of lease hold Plot Nos. 365 & 366, ad-measuring about 1,507.93 sq. mts., along with factory shed building standing thereon of Vatwa Industrial Estate of Gujarat Industrial Development Corporation, situated upon land bearing Survey 410/p of mouje: Vinzol, Taluka: Dascroi, Registration District Ahmedabad and Sub-District Ahmedabad-5 (Narol)	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

SN	Description of Assets/Security	Security given to
7	All that piece and parcel of non agricultural land bearing Block No. 390/A, 390/B, 391/A, 391/B, 394/A/1, ad-measuring about 22311 sq. mts., Along-with factory shed building, plant and machinery situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padra	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
8	All that piece and parcel of non agricultural land bearing Block No. 393, 394/A/2 394/B/1, 394/B/2, ad-measuring about 16313 sq.mts., Along-with factory shed building, plant and machinery, Power plant situate lying and being at mouje: Dudhwada, Taluka: Padra, Registration District: Vadodara and Sub-District: Padara	First charge for securing debt of Invent Assets Securitisation and Reconstruction Private Limited
9	All that pieces and parcels of lands, comprised in and forming part of lands ad-measuring 1,69,463 Sq. Mtrs., together with all buildings, structures, erections, etc. constructed and/or to be constructed thereon, both present and future, and being, lying and situated at Village: Kadodara, Tehsil: Wagra & Distt. Bharuch and uninstalled plant and machinery of Hydrogen Peroxide Plant of the Company.	First charge for securing debts from Assets Care and Reconstruction Enterprise Limited.
10	Pledge of 13,11,677 equity shares of Dystar Global Holdings (Singapore) Pte. Ltd.	Pledge of 13,11,677 equity shares for securing debt of Invent Assets Securitisation and Reconstruction Private Limited.

ii) The details of long term borrowings and current maturity of long term borrowings/Loans guaranted by Directors are set out below :

### Secured Loans

Loans from Invent Assets Securitisation and Reconstruction Private Limited and Assets Care and Reconstruction Enterprise Limited are also secured by personal Guarantees of some of the directors.

iii) The details of terms of repayment etc of long term borrowings and current maturity of long term borrowings are given below :

In respect of debts due to Invent Assets Securitisation and Reconstruction Private Limited ("Invent") and as per settlement agreements executed by the Company with Invent, the outstanding settlement amount shall be repayable in Quarterly installments starting from September-2015 ending September, 2022. The details of EMI due from April, 2019 are as follows: Six Quarterly EMI of INR 36.50 Lakhs till September, 2020, Two Quarterly EMI of INR 2,622 Lakhs till March, 2021, Two Quarterly EMI of INR 2,621 Lakhs till September, 2021 and Four Quarterly EMI of INR 398.50 Lakhs till September, 2022.

In respect of debts due to Assets Care and Reconstruction Enterprise Limited ("ACRE") and as per settlement agreement executed by the Company with ACRE, the outstanding settlement amount shall be repayable in Quarterly installments starting from March, 2015 ending September, 2019. Starting from June 2019 Two Quarterly installments are pending totalling to INR 1,322.40 Lakhs.

iv) The details of security offered for Other Borrowings are set out below :

SN	Description of Loan	ROI	Repayment Terms	Security Given
1	Vehicle Loan	10.50%	47 Monthly Installments:46 EMI of INR 1.05 Lakhs and Last Installment INR36.06 Lakhs	Hypothecation of Vehicle

v) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	15.00%	Repayable till 31-03-2022

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 20. Trade payables - Non-current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Trade Payables	359.38	-
<b>Total</b>	<b>359.38</b>	<b>-</b>

### 21. Other Financial Liabilities - Non-Current

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deposits from Customers	76.50	59.00
<b>Total</b>	<b>76.50</b>	<b>59.00</b>

Note:

- i) Deposits from customers are non-interest bearing.

### 22. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Provision for Employee Benefits (Refer Note 40)</b>		
Gratuity	144.60	94.60
Compensated Absences	29.88	26.28
<b>Provision Others</b>	<b>1,100.18</b>	<b>1,100.18</b>
<b>Total</b>	<b>1,274.66</b>	<b>1,221.06</b>

### 23. Tax Expense

Current Tax :

#### a) Amounts recognized in Statement of Profit and Loss

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Current Tax</b>		
Current Tax on Profits of the year*	2,708.27	2,277.29
Excess provision of Income Tax for Earlier Years	91.95	(1,528.82)
<b>Total Current Tax Expenses</b>	<b>2,800.22</b>	<b>748.47</b>
<b>Deferred Tax</b>		
Increase in Deferred Tax Liabilities	538.02	417.10
MAT Credit Entitlement	(2,708.27)	(748.47)
<b>Total Deferred Tax Expense/(benefit)</b>	<b>(2,170.25)</b>	<b>(331.37)</b>
<b>Income Tax Expense</b>	<b>629.97</b>	<b>417.10</b>

\*Current Income Tax provided under Section 115JB

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Accounting profit before tax from continuing operations	12,634.14	10,670.68
Accounting profit before Income Tax	12,634.14	10,670.68
Tax at India's statutory income tax rate of 34.94%(31 March 2018 : 34.61%)	4,414.87	3,693.12
<b>Adjustment for tax purposes :</b>		
Permanent Dis-allowances(Net)	37.25	(73.37)
43B & other dis-allowances	21.73	22.60
Utilization of Unabsorbed Losses/Dep.	(3,968.41)	(3,225.25)
Current Tax for Prior Period	91.94	-
Change in Tax Rate	32.59	-
<b>Income Tax Expenses</b>	<b>629.97</b>	<b>417.10</b>
<b>Weighted average tax rate for the year</b>	<b>4.99%</b>	<b>3.91%</b>

### c) Deferred Tax Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Deferred Tax (Net of MAT Credit Entitlement of INR 3,862.60 Lakhs (Previous year INR 405.85 Lakhs)	32.35	2,951.06
<b>Total</b>	<b>32.35</b>	<b>2,951.06</b>

### d) Movement in Deferred Tax Expenses

#### As on 31<sup>st</sup> March, 2019

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
<b>Deferred Tax Asset</b>					
Property, Plant and Equipment	(3,425.43)	(541.40)	(3,966.83)	-	(3,966.83)
Investment	201.30	7.10	208.40	208.40	-
Dis-allowance of Expenditures	(132.79)	(3.72)	(136.51)	-	(136.51)
<b>Tax Asset/Liabilities</b>	<b>(3,356.92)</b>	<b>(538.02)</b>	<b>(3,894.94)</b>	<b>208.40</b>	<b>(4,103.34)</b>
<b>Net Tax Assets/(Liabilities)</b>					<b>(3,894.94)</b>

#### As on 31<sup>st</sup> March, 2018

(INR in Lakhs)

	Opening	P/L	Net	DTA	DTL
<b>Deferred Tax Asset</b>					
Property, Plant and Equipment	(3,092.36)	(333.07)	(3,425.43)	-	(3,425.43)
Investment	201.62	(0.32)	201.30	201.30	-
Dis-allowance of Expenditures	(49.08)	(83.71)	(132.79)	-	(132.79)
<b>Tax Asset/Liabilities</b>	<b>(2,939.82)</b>	<b>(417.10)</b>	<b>(3,356.92)</b>	<b>201.30</b>	<b>(3,558.22)</b>
<b>Net Tax Assets/(Liabilities)</b>					<b>(3,356.92)</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 24. Borrowings

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Unsecured Loans</b>		
Inter Corporate Deposits	57.20	57.22
<b>Total</b>	<b>57.20</b>	<b>57.22</b>

Note:

- i) The details of terms for Inter Corporate Deposits are set out below :

SN	Description of Loan	ROI	Repayment Terms
1	Inter Corporate Deposits	18.00%	Repayable till 31-03-2020

### 25. Trade Payables

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Towards MSME Units (Refer Note No. 38)	139.69	68.94
Towards Others	15,876.28	11,451.73
<b>Total</b>	<b>16,015.97</b>	<b>11,520.67</b>

Note:

- i) Balances of Creditors are subject to confirmation and reconciliation, if any and they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- ii) Trade Payable includes amount due to Related Parties INR 3,337.47 Lakhs as at 31<sup>st</sup> March 2019 (Previous Year as at 31<sup>st</sup> March 2018 INR 361.11 Lakhs)

### 26. Other Current Financial Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Current Maturity of Long-term secured debt	1,474.65	1,528.32
Interest accrued but not due on borrowings	0.78	0.78
Credit Balances in Bank Accounts	6.51	206.13
Employee Benefit Payable	320.09	261.35
Unpaid Dividend	-	0.34
Payable for Capital Goods	1,687.01	267.54
<b>Total</b>	<b>3,489.04</b>	<b>2,264.46</b>

Note:

- i) There is no amount outstanding in respect of Unpaid Dividend to be transferred to Investor Education & Protection Fund under Section 125 of the Companies Act, 2013.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 27. Other Current Liabilities

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Advances received from Customers	3,566.00	116.37
Statutory Dues	257.05	158.05
Other Liabilities	1,346.35	817.33
<b>Total</b>	<b>5,169.40</b>	<b>1,091.75</b>

Note:

- i) Other liabilities includes amount payable to DyStar Global Holdings (Singapore) Pte. Ltd. under the Singapore International Commercial Court order dated 03.07.2018. For detailed information, please refer Emphasis point no. 2 in Independent Auditor's Report.

### 28. Provisions

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Provision for Employee Benefits</b>		
Gratuity	145.93	130.79
Compensated Absences	6.61	4.84
LTA	9.76	5.02
<b>Total</b>	<b>162.30</b>	<b>140.65</b>

### 29. Current Tax Liabilities (Net)

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Provision for Income Tax	2,708.27	-
Less : Advance Tax, TDS & TCS	(868.73)	-
<b>Total</b>	<b>1,839.54</b>	<b>-</b>

### 30. Revenue From Operations

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Sale of Products	103,244.27	88,953.27
Other Operating Revenue	2,942.06	1,180.81
<b>Total</b>	<b>106,186.33</b>	<b>90,134.08</b>

### 31. Other Income

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Interest Income	207.97	43.64
Dividend Income	66.05	280.60
Profit on sale of Fixed Assets	2.19	-
Cash Discount and Other Income	6.33	0.78
<b>Total</b>	<b>282.54</b>	<b>325.02</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 32. Cost of Material Consumed

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Raw Material Consumed</b>		
Opening Inventory	1,548.00	1,938.48
Add : Net Purchases	72,788.05	54,884.96
Less: Inventory at the end of the year	5,252.53	1,548.00
<b>Cost of Raw Material consumed during the year</b>	<b>69,083.52</b>	<b>55,275.44</b>
<b>Packing Material Consumed</b>		
Opening Inventory	91.63	120.84
Add : Net Purchases	1,067.18	1,095.54
Less: Inventory at the end of the year	138.85	91.63
<b>Cost of Packing Material consumed during the year</b>	<b>1,019.96</b>	<b>1,124.75</b>
<b>Total</b>	<b>70,103.48</b>	<b>56,400.19</b>

### 33. Changes In Inventories of Finished Goods, Work-In-Progress & Stock-In Trade

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>(Increase)/decrease in Stocks</b>		
<b>Stock at the beginning of the year :</b>		
Finished Goods	3,085.58	1,263.87
Work in Progress & Semi Finished Goods	866.26	481.29
	<b>3,951.84</b>	<b>1,745.16</b>
<b>Stock at the end of the year :</b>		
Finished Goods	3,652.98	3,085.58
Work in Progress & Semi Finished Goods	1,201.24	866.26
	<b>4,854.22</b>	<b>3,951.84</b>
<b>Total</b>	<b>(902.38)</b>	<b>(2,206.68)</b>

### 34. Employee Benefits Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Salaries, Wages & Bonus	2,957.87	2,741.08
Contribution to Provident fund & other funds	197.12	203.61
Welfare Expenses	272.97	304.39
<b>Total</b>	<b>3,427.96</b>	<b>3,249.08</b>

### 35. Finance Cost

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
<b>Interest &amp; Financial Charges</b>		
Interest Cost	361.05	110.84
Financial Charges	78.52	54.58
<b>Total</b>	<b>439.57</b>	<b>165.42</b>



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 36. Other Expenses

(INR in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Operational & Other Expenses		
- Power & Fuel	8,811.39	8,002.92
Repairs & Maintenance		
- Buildings	227.98	32.90
- Machineries	1,903.92	2,122.28
- Other Assets	303.78	265.40
Pollution Treatment Expenses	608.68	466.61
Laboratory Expenses	90.29	78.38
Factory Expenses	64.95	74.79
Labour Charges	1,545.29	1,192.85
Insurance Premium	81.01	77.74
Bad Debts Written Off	117.56	-
Provision for Doubtful Debts	233.16	-
Communication Expenses	43.95	39.57
Postage & Courier	29.44	31.41
Travelling & Conveyance	78.00	48.33
Repairs & Maintenance - Others	69.05	63.09
Membership & Subscription	2.35	1.96
Security Expenses	125.68	107.81
Legal & Professional Fees	1,453.52	1,739.33
Payment to Auditors	30.00	23.50
Rates & Taxes	78.42	113.55
Foreign Exchange Loss	257.40	230.39
CSR and Social Welfare Expenses	143.10	46.11
Miscellaneous Expenses	28.31	38.15
Software Expense	4.04	12.76
Export Expenses	161.45	157.77
Outward Freight & Transportation Charges	1,213.32	1,276.77
Travelling Expenses	127.46	125.10
Advertisement & Sales Promotion Expenses	82.67	65.51
<b>Total</b>	<b>17,916.17</b>	<b>16,434.98</b>

Notes:

i) Details of Payment made to Auditor is as below:

Particulars	FY 2018-19	FY 2017-18
For Statutory Audit Fees	20.00	15.00
For Taxation matters	5.00	5.00
For Other services	5.00	3.50

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

ii) Corporate Social Responsibility Expenditure - spent during the year is INR 137.77 Lakhs (Previous Year INR 45.37 Lakhs)

Particulars	FY 2018-19	FY 2017-18
Amount Required to be spent as per Section 135 of the Act	135.93	44.35
Amount spent during the year	137.77	45.37

### 37. Earning Per Share From Continuing Operations

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Net Profit After Tax attributable to Shareholder (INR in Lakhs)	11,983.45	10,260.48
Weighted Average number of Equity Shares at the end of year	31,343,951	28,659,294
Nominal Value of Share	10	10
Basic Earnings Per Share	38.23	35.80
Diluted Earnings Per Share	23.12	22.33

38. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number allocated after filing of the Memorandum in accordance with 'Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act)

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2019 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at date of this financial statement.

The details as required by MSMED Act are given below:

(INR in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year:		
Principal Amount	139.69	68.94
Interest Amount	-	-
The amount of interest paid by the buyer under MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year: and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of dis-allowance as a deductible expenditure under Section 23 .	-	-

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due the Micro, Small and Medium enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 39. Contingent Liabilities

(INR in Lakhs)

Particulars	2018-19	2017-18
In respect of Bank Guarantees	57.00	57.00
In respect of Corporate Guarantees	3,000.00	3,000.00
In respect of Disputed Tax Liabilities	1,653.86	1,753.55

- Bank guarantees include INR 20.00 Lakhs issued to GPCB and INR 37.00 Lakhs to Central Excise department.
- Corporate guarantee is given to Associate concern M/s Lonsen Kiri Chemical Industries Limited. Outstanding loan in the books of joint venture as on 31-03-2019 is NIL.
- Disputed tax liabilities are pending at various forums which can be verified from CARO report.

### 40. Employee Benefit Obligations

#### a) Retirement Benefits

As per Ind AS 19 the Company has recognized "Employees Benefits" in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on March 31, 2019

(All Amounts INR in Lakhs)

#### i. Expense recognized in statement of Profit or Loss for the Current Period - Gratuity

Particulars	2018-19	2017-18
Current Service Cost	44.09	38.12
Net Interest Cost	16.36	12.39
Past Service Cost	-	3.57
Expected return on plan assets	4.99	(4.76)
Net actuarial Losses (Gains)	15.74	2.00
Expenses Recognized	81.18	51.32

#### ii. Net Asset/(Liability) recognized in Balance Sheet: Gratuity

Particulars	2018-19	2017-18
Present Value of Obligation	290.53	225.39
Fair Value of Plan Assets	(13.94)	(17.55)
Assets/(Liability) recognized in Balance Sheet	276.59	207.84

#### iii. Change in Defined Benefit Obligation (DBO):

Particulars	2018-19	2017-18
Opening Balance of Present Value of Obligation	207.84	163.66
Current Service Cost	44.09	38.12
Interest Cost	16.36	12.39
Past Service Cost	-	3.57
Actuarial (Gain)/Loss	20.73	(2.76)
Benefit paid	(12.43)	(7.14)
Closing Balance of Present Value Obligation	276.59	207.84

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### iv. Change in Fair Value of Plan Assets:

Particulars	2018-19	2017-18
Fair value of plan assets at the beginning of year	17.55	11.89
Expected return on plan assets	(3.61)	5.66
Actuarial Losses (Gains)	---	---
Contributions by employer	---	---
Benefit paid	---	---
Defined benefit obligation at end of the year.	13.94	17.55

### v. Actuarial Assumptions - Gratuity

Particulars	2018-19	2017-18
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.79%	7.87%
Attrition Rate	2.00%	2.00%
Annual Increase in salary costs	6.00%	6.00%

### vi. Investment details

Particulars	Percentage invested as at 31 <sup>st</sup> March 2019	Percentage invested as at 31 <sup>st</sup> March 2018
Insurance Company and Others	100.00%	100.00%

### vii. Sensitivity Analysis - Gratuity

Particulars	2018-19		2017-18	
	Increase	Decrease	Increase	Decrease
Change in Rate of Discounting (1.00% movement)	(32.62)	39.49	(26.12)	31.74
Change in Rate of Salary Growth (1.00% movement)	39.02	(32.85)	31.39	(26.44)
Change in Rate of Employee Turnover (1.00% movement)	5.89	(7.03)	4.88	(5.86)

### b) Defined Contribution Plans

Amount recognized as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss – INR 197.12 Lakhs (Previous year INR 203.61 Lakhs)

## 41. Segment Reporting

- The Company operates mainly in manufacturing of Dyes, Dyes Intermediates and Basic Chemicals. All other activities are incidental thereto and integrated, which have similar risk and return, accordingly, there are no separate reportable Segment as far as primary Segment is concerned.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### b) Analysis by Geographical Segment

(INR in Lakhs)

Particulars	2018-19	2017-18
Domestic Sales	71,769.14	62,660.58
Export Sales	31,475.13	24,578.48

### 42. Terms and Conditions of Foreign Currency Convertible Bonds (FCCB):

The Bond Holder, vide Extra Ordinary Resolution passed on March 24, 2016 has approved to modifications of existing terms and conditions of Foreign Currency Convertible Bonds (FCCBs). The Company has also executed the First Supplemental Trust Deed with the Trustee, the Bank of New York Mellon, London Branch, on March 29, 2016 to give effect of modification of terms of FCCBs. As per modification of terms maturity of date of Series B, D, E and F Bonds has been extended from January 17, 2018 to January 17, 2022.

Details of FCCBs pending for conversion in to equity shares of INR 10 each at premium of INR 2.03 per equity share are given below:

Series of FCCBs	No of Bonds	Principal Amount (USD)
Series B	8	800,000
Series D	9	900,000
Series E	14	1,400,000
Series F	14	1,400,000

### 43. Share Based Payments :

- a) Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 26<sup>th</sup> September 2014 and in compliance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Nomination and Remuneration Committee of the Company formulated Kiri Industries Limited Employee Stock Option Scheme - 2014 (ESOP Scheme - 2014).
- b) The Board of Directors of the Company at their meeting held on 7<sup>th</sup> August, 2015 has allotted 1,000,000 equity shares of INR 10 each at an issue price of INR 35 per equity share to Kiri Employee Stock Option Trust for transfer of said equity shares to eligible employee upon exercise of equal number of options granted under the Scheme. The exercise price of the options shall be INR 35 (Face Value of INR 10 each) on the grant date.
- c) Under the Scheme:
  - 1) Vesting has commenced after the date of Grant and may extend up to five years from the date of Grant or such other percentage of vesting each year as decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board.
  - 2) The exercise price for the purposes of the grant of Stock Options is as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
  - 3) The exercise Period would be 5 (Five) years from the date of Grant or such other period as may be decided by the Board and / or Nomination & Remuneration Committee or any other committee constituted by the Board at the time of respective grant of Stock Options.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

- 4) The information related to stock options granted, exercised and outstanding as on March 31, 2019 (as certified by the management) are as follows:

Particular	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Options outstanding at the beginning of the year	625000	825000
Options Granted	-	-
Shares Transferred to Employee account from Trust Account	200000	200000
Options outstanding at the end of the Financial year	425000	625000

### 44. Related Parties Disclosures

#### a) Related Party and their Relationship

Relationship	Name of the Party
Subsidiaries of the Company	Chemhub Trading DMCC
	Synthesis International Limited
	SMS Chemicals Co. Limited
Joint Venture	Lonsen Kiri Chemical Industries Ltd.
Associate Company	DyStar Global Holdings (Singapore) Pte. Ltd
	Kiri Infrastructure Pvt. Ltd.
Enterprises in which Key Managerial Personnel (KMP) & their relatives have significant influence:	Kiri Laboratories Pvt. Ltd.
	Indochin Development Pvt. Ltd.
	Kiri Peroxide Ltd.
	Chemhub Tradelink Pvt. Ltd
	Saptak Buildcon Pvt. Ltd.
	Kiri Carbon Pvt. Ltd.
	Kiri Globe ink Pvt. Ltd.
	Equinaire Chemtech LLP
	Parkin Auto Accessories Pvt. Ltd.
	Kiri Cosmetics LLP
Enterprises in which Key Managerial Personnel (KMP) are nominee director:	Texanlab Laboratories Pvt. Ltd.
	Texanlab Bangladesh Pvt. Ltd.
	DyStar India Pvt. Ltd.
	DyStar Acquisition Corporation
	DyStar Americas Holding Corporation
	DyStar Hilton Davis Corporation
	DyStar Foam Control Corporation
	DyStar Carolina Chemical Corporation
	S. Acquisition & Co.

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

Relationship	Name of the Party
Key Managerial Personnel & their Relatives	Mr. Pravin A Kiri
	Mr. Manish P Kiri
	Mrs. Aruna P Kiri
	Mrs. Anupama M. Kiri
	Pravin A. Kiri – HUF
	Mr. Suresh Gondalia
	Mr. Jayesh Vyas

### b) Transaction with Related Parties

Figures in Italics represent figures as at March 31, 2018

(INR in Lakhs)

Particulars	Subsidiaries & Step Down Subsidiaries	Joint Ventures	Associates Enterprise / Subsidiaries of Associates Enterprise	Key Management Personnel & their Relatives	Entity Controlled by Key Management Personnel	Total
Purchase of Goods	-	6,469.48	1,385.59	-	-	7,855.07
	-	1,720.99	-	-	-	1,720.99
Sales of Goods /Job Work Income	7,923.21	19,799.38	-	-	-	27,722.59
	8,889.96	14,567.15	-	1.75	-	23,458.86
Rent	-	-	-	-	12.98	12.98
	-	-	-	-	-	-
Remuneration (Incl. Perquisites)	-	-	-	327.30	-	327.30
	-	-	-	228.39	-	228.39
Equity Shares	-	-	-	-	110.00	110.00
	-	-	-	-	240.00	240.00
Share Premium	-	-	-	-	3,883.00	3,883.00
	-	-	-	-	8,472.00	8,472.00
Dividend Income	-	65.30	-	-	-	65.30
	-	280.00	-	-	-	280.00
Outstanding Balance (Cr)	-	3,337.47	1,346.35	8.73	11.88	4,704.43
	-	361.11	25.41	2.20	-	388.72
Outstanding Balance (Dr)	3,957.30	65.30	-	-	-	4,022.60
	3,955.30	140.00	-	-	-	4,095.30

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### c) Disclosure in respect of material transactions with related parties

(INR in Lakhs)

Nature of Transaction	Name of the Related Party	2018-19	2017-18
Purchase of Goods/ Services	Lonsen Kiri Chemical Industries Ltd.	6,469.48	1,720.99
	Dystar Global Holdings (Singapore) Pte. Ltd.	1,385.59	-
Sales of Goods / Job work Income	Lonsen Kiri Chemical Industries Ltd.	19,799.38	14,567.15
	Kiri Laboratories Pvt. Ltd.	-	1.75
	Chemhub Trading DMCC	7,923.21	8,889.96
Rent Expense	Saptak Buildcon Pvt. Ltd.	12.98	-
Remuneration	Mr. Pravin A. Kiri	120.00	96.00
	Mr. Manish P. Kiri	120.00	96.00
	Mr. Suresh Gondalia	48.00	17.15
	Mr. Jayesh Vyas	39.30	19.24
Equity Share	Equinaire Chemtech LLP	110.00	240.00
Share Premium	Equinaire Chemtech LLP	3,883.00	8,472.00
Dividend Income	Lonsen Kiri Chemical Industries Ltd.	65.30	280.00
Outstanding Balance (Cr)	Mr. Manish P. Kiri	6.33	-
	Mr. Suresh Gondalia	1.15	0.86
	Mr. Jayesh Vyas	1.25	1.34
	Lonsen Kiri Chemical Industries Ltd.	3,337.47	361.11
	Saptak Buildcon Pvt. Ltd.	11.88	-
	Dystar Global Holdings (Singapore) Pte. Ltd.	1,346.35	25.41
Outstanding Balance (Dr)	Chemhub Trading DMCC	3,957.30	3,955.30
	Lonsen Kiri Chemical Industries Ltd. (Dividend Receivable)	65.30	140.00

As there is no commission paid to any of the directors, the computation of profit u/s 197 of the Companies Act, 2013 has not been given.

### d) Compensation to Key Managerial Personnel of the Company:

(INR in Lakhs)

Nature of Benefits	2018-19	2017-18
Short-term employee benefits	327.30	228.39
Post-employment gratuity benefits*	10.97	7.45
<b>Total</b>	<b>338.27</b>	<b>235.84</b>

\* Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognized as per Ind AS-19 - 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel has not been included in (b) & (c) above.

## 45. Capital Management

The Company's policy is to maintain a strong capital base and to sustain future development of the business. Management monitors the return on capital.



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(INR in Lakhs)

Particulars	2018-19	2017-18
Total Interest bearing Liabilities	16,407.42	17,220.58
Less : Cash and Cash Equivalents	941.65	558.45
Adjusted Net Debt	15,465.77	16,662.13
Total Equity	63,074.44	51,090.99
Adjusted Net Debt to Equity Ratio	0.25	0.33

### 46. Fair Value Measurement and Financial Risk Management

- a) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2019	Carrying value			Total	Fair Value (Level)			Total
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost		1	2	3	
<b>Financial Assets</b>								
Non Current Investment	-	-	6.00	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	897.12	897.12	-	897.12	-	897.12
Current	-	-	513.31	513.31	-	-	-	-
Trade receivable								
Non Current	-	-	356.46	356.46	-	-	-	-
Current	-	-	20,849.89	20,849.89	-	-	-	-
Cash and Cash equivalents	-	-	941.65	941.65	-	-	-	-
Other Bank Balance	-	-	115.66	115.66	-	-	-	-
Loans	-	-	1,812.26	1,812.26	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>25,492.35</b>	<b>25,492.35</b>	<b>-</b>	<b>903.12</b>	<b>-</b>	<b>903.12</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	14,875.57	14,875.57	-	14,875.57	-	14,875.57
Current	-	-	57.20	57.20	-	-	-	-
Trade Payables								
Non Current	-	-	359.38	359.38	-	-	-	-
Current	-	-	16,015.97	16,015.97	-	-	-	-
Other Financial Liabilities	-	-	3,489.04	3,489.04	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>34,797.16</b>	<b>34,797.16</b>	<b>-</b>	<b>14,875.57</b>	<b>-</b>	<b>14,875.57</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

(INR in Lakhs)

Financial Assets and Liabilities as at March 31, 2018	Carrying value				Fair Value (Level)			
	Routed through Profit and Loss	Routed through OCI	Carried at amortised cost	Total	1	2	3	Total
<b>Financial Assets</b>								
Non Current Investment	-	-	6.00	6.00	-	6.00	-	6.00
Other Financial Assets								
Non Current	-	-	639.65	639.65	-	639.65	-	639.65
Current	-	-	502.12	502.12	-	-	-	-
Trade receivable	-	-	18,103.48	18,103.48	-	-	-	-
Cash and Cash equivalents	-	-	558.45	558.45	-	-	-	-
Other Bank Balance	-	-	98.21	98.21	-	-	-	-
Loans	-	-	1,167.27	1,167.27	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21,075.18</b>	<b>21,075.98</b>	<b>-</b>	<b>645.65</b>	<b>-</b>	<b>645.65</b>
<b>Financial Liabilities</b>								
Borrowings								
Non Current	-	-	15,635.03	15,635.03	-	15,635.03	-	15,635.03
Current	-	-	57.22	57.22	-	-	-	-
Trade Payables	-	-	11,520.67	11,520.67	-	-	-	-
Other Financial Liabilities	-	-	2,264.46	2,264.46	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>29,477.38</b>	<b>29,477.38</b>	<b>-</b>	<b>15,635.03</b>	<b>-</b>	<b>15,635.03</b>

### b) Measurement of Fair Value:

Investment in Subsidiary/Joint Venture /Associates carried at amortised cost. Further Fair Value of the Financial Assets and Liabilities are not disclosed separately as they are measured at Amortised Cost and it is materially same.

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

### c) Fair Value Hierarchy:

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### 47. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of its financial risk including

- **Credit Risk**
- **Liquidity Risk and**
- **Market Risk**

#### **Risk Management Framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company manages this risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies which are approved by Board of directors and which ultimately provides principles on foreign exchange risk, interest rate risk, credit risk, use of financial derivatives etc. Compliance with policies and exposure limits is reviewed by risk management committee and internal auditors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### **a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

#### **Trade Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, as per management perceptions, loss on collection of receivable is not material hence no additional provision considered

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

Particulars	(INR In Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Domestic	12,294.03	11,336.11
Other Region	8,912.34	6,767.37
<b>Total</b>	<b>21,206.37</b>	<b>18,103.48</b>

Particulars	(INR In Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Neither due nor impaired	13,839.63	4,222.43
Past due 1 – 90 days	1,706.65	2,373.22
Past due 91 – 180 days	2,037.40	7,304.67
More than 180 days	3,622.69	4,203.16

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer Credit Risk, including underlying customers' Credit Ratings if they are available.

### b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Contractual maturities of financial liabilities as at March 31, 2019	(INR In Lakhs)			
	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives Financial Liabilities</b>				
Long term borrowings including current maturity	1,474.65	7,352.06	7,523.52	16,350.23
Working Capital Facility and Short term loans and borrowings	57.20	-	-	57.20
Trade payables	16,375.35	-	-	16,375.35
<b>Total Non-Derivative liabilities</b>	<b>17,907.20</b>	<b>7,352.06</b>	<b>7,523.52</b>	<b>32,782.78</b>

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

(INR In Lakhs)

Contractual maturities of financial liabilities as at March 31, 2018	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives Financial Liabilities</b>				
Long term borrowings including current maturity	1,528.32	1,474.65	14,159.39	17,163.36
Working Capital Facility and Short term loans and borrowings	57.22	-	-	57.22
Trade payables	11,520.67	-	-	11,520.67
<b>Total Non-Derivative liabilities</b>	<b>13,106.21</b>	<b>1,474.65</b>	<b>14,159.39</b>	<b>28,741.25</b>

### c) Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

#### Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SGD. The Company has in place the Risk management policy to manage the foreign exchange exposure.

The Foreign currency exchange rate exposure is partly balanced through natural hedge. This provide an economic hedge without derivatives being entered into and therefore hedge accounting not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The company can enter into foreign currency forward contracts and other authorized derivative contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables and borrowings.

#### Foreign currency risk exposure:

The currency profile of Financial Assets and Financial Liabilities with exposure to foreign currency risk at the end of the reporting period expressed in rupees, are as follows.

(INR in Lakhs)

SN	Particulars	Currency	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>A</b>	<b>Financial assets</b>			
(i)	Trade receivables	EURO	-	6.68
		USD	8,050.41	6,942.71
(ii)	Loans and Advances	USD	138.06	310.06
(iii)	Bank balance in EEFC accounts	USD	8.43	138.17
<b>B</b>	<b>Financial liabilities</b>			
(i)	Trade payables	USD	1,742.11	1,104.75
		EURO	1,320.94	-
		GBP	2.17	-
		SGD	117.83	-

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019 (Contd.)

### Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(INR in Lakhs)

	Profit / (loss) before tax gain / (loss)		
	Strengthening	Weakening	(Decreased)
<b>Mar-19</b>			
Effect in INR			
3 % movement			
USD	(193.64)	193.64	193.64
EUR	39.63	(39.63)	(39.63)
GBP	0.07	(0.07)	(0.07)
SGD	3.53	(3.53)	(3.53)
<b>Mar-18</b>			
Effect in INR			
3 % movement			
USD	(188.59)	188.59	188.59
EUR	(0.20)	0.20	0.20

\* Holding all other variables constant

48. The previous year figures are regrouped or reclassified according to current year grouping and classification.

### As per our attached report of even date.

#### For Pramodkumar Dad & Associates Chartered Accountants

#### CA Pramod Dad

Partner  
MRN : 038261  
FRN : 115869W

Place : Ahmedabad  
Date : May 29, 2019

#### For and on behalf of the Board of Directors

#### Pravin Kiri

(Chairman)  
DIN : 00198275

#### Suresh Gondalia

(Company Secretary)

#### Manish Kiri

(Managing Director)  
DIN : 00198284

#### Jayesh Vyas

(Chief Financial Officer)

Place : Ahmedabad  
Date : May 29, 2019