

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

Fine Organic Industries Limited {Formerly known as “Fine Organic Industries Private Limited“} is a Public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The Company was converted in to Public Company with effect from November 02, 2017 and consequently the name of the Company has changed from Fine Organic Industries Private Limited to Fine Organic Industries Limited. The registered office of the Company is situated in the State of Maharashtra.

The Financial Statements were approved and authorized for issue with the resolution of the Board of Directors on June 27, 2020 and are subject to the approval of Shareholders in the Annual General Meeting.

The Company carries on business in India and abroad, as manufacturers, processors, suppliers, distributors, dealers, importers, exporters of wide range of oleochemical-based additives used in foods, plastics, cosmetics, coatings and other specialty application in various industries.

The Company has completed Initial Public offering (IPO) of 76,64,994 shares of ₹ 5/- each at an offer price of ₹ 783/- per Equity Share aggregating to ₹ 60,017 lakhs, through offer for sale. Equity shares of the Company are listed on July 2, 2018 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Company has following investments in subsidiaries, Joint Ventures and Associates:

Particulars	Name of Entities			
	Fine Organics (USA), Inc.	Fine Organics Europe BV	Fine Zeelandia Private Limited	FineADD Ingredients GmbH
Principal place of business and Country of Incorporation	United States of America	Belgium	India	Germany
Investee relationship	Subsidiary Company	Subsidiary Company	Joint Venture	Joint Venture
Proportion of ownership interest	100.00%	99.46%	50.00%	50.00%

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The accompanying Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 notified under section 133 of the Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act.

2.2 Functional and presentation currency

These Standalone Financial Statements are presented in Indian rupees, which is also the Company’s functional currency. All amounts have been reported in INR, unless otherwise indicated.

2.3 Basis of measurement

The Financial Statements have been prepared on a historical cost basis, except for the following:

- certain Financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- Net defined benefit (assets)/ liabilities that are measured at fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

The preparation of the Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2020 are as follows:

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

a) **Property, plant and equipment**

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act except plant & machineries, which in the opinion of the Management represent the useful lives as they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) **Revenue from contracts with customers**

The Company's contracts with customers include promises to transfer goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

c) **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and

life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

d) **Recognition of deferred tax assets**

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits, if any. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

e) **Contingent Liabilities, Commitments and Litigations**

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Litigation

From time to time, the Company might be 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 judgement is made when evaluating, among other factors, the probability of unfavorable 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.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both Financial and non-Financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the Management. The Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level-1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level-2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level-3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.7 Current / non-current classification

An entity shall classify an asset as current when:

- a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- b) It holds the asset primarily for the purpose of trading;
- c) It expects to realise the asset within twelve months after the reporting period; or
- d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

- a) It expects to settle the liability in its normal operating cycle;
- b) It holds the liability primarily for the purpose of trading;
- c) The liability is due to be settled within twelve months after the reporting period; or
- d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The cost of an item of property, plant and equipment comprises:

- a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) Any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by Management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

Leasehold Rent payable to MIDC relating to new project, during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Non- Current Assets and the same will be amortised in the year of commencement of project.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated on pro-rata basis using the diminishing balance method on cost of items of property, plant and equipment less their estimated residual values over the estimated residual useful lives based on Schedule II of the Companies Act, 2013 except for plant & machinery.

In case of plant & machinery, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets may different be from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Useful lives as per Schedule II
Buildings	30 Years
Computers	
Computer – Server & Network	6 Years
Computer – Others	3 Years
Plant & Machinery	5 - 15 Years
Furniture and Fixtures	10 Years
Electrical Installation	10 Years
Motor Cars & Vehicles	8 Years
Office Equipments	5 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.2 Intangible Assets

Recognition and measurement

Intangible assets comprise of computer software and patent / trademark, which acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values and it is included in depreciation and amortisation in the Statement of profit and loss.

Intangible assets are amortised over the estimated useful lives as given below:

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Intangible Assets	Useful life
Computer Software (WDV Method)	3 Years
Patent / Trademark (SLM Method)	10 Years

3.3 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale less any investment income on the temporary investment of those borrowings.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.4 Impairment of non-Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

3.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for Financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction,
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

Minimum Alternate Tax (MAT) credit is recognized as a Deferred Tax Asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods, consumables and stores & spares are carried at the lower of cost and net realisable value.

The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity of production facilities.

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

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where

material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

3.7 Cash and cash equivalents

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

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash Management.

3.8 Trade Payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of Financial year which are unpaid. Trade and other payables are reported as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost using the effective interest rate method, if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at fair value through profit or loss (FVTPL)**

A Financial asset which is not classified in any of the above categories is measured at FVTPL.

Investment in subsidiaries, Associates and Joint Ventures

The Company has opted to account for its investments in subsidiaries, associates and joint venture at cost less provision for diminution other than temporary.

Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has made an irrevocable choice to present the value changes in 'Other Comprehensive Income'.

Impairment of Financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the Financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the Financial instrument)

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

All Financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) **Derivative Financial instruments and Hedge Accounting**

The Company uses various derivative financial instruments such as forwards and Interest rate swaps to mitigate the risk of changes in exchange rates and Interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-Financial assets or non-Financial liability.

In case of loss / gains from interest rate swaps, directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair Value Hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

b) De-recognition of Financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

c) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company has legally enforceable right to set off the amount and it intends, either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

3.10 Business Combinations

Business Combinations are accounted for using Ind AS 103 Business Combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognized in the Statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their respective fair value at the acquisition date, except certain assets and liabilities required to be

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

measured as per applicable standards. Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognized, after reassessment of fair value of net assets acquired, is recognised as Capital Reserve i.e. Amalgamation Reserve.

Business Combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value, no adjustment are made to reflect fair values, or recognize any new assets or liabilities. The identity of the reserves is preserved and appears in the Financial Statements of the transferee in the same form in which they appeared in the Financial Statements of the transferor.

3.11 Revenue Recognition

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Sale of Products

Revenue from sale of goods is recognized on the basis of approved contracts, when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and acceptance by the buyer. Any additional amount based on the terms of the agreement entered into with customers, is recognized in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company does not provide any warranties or maintenance contracts to its customers.

As per erstwhile Ind AS 18, the Company has assumed that recovery of excise duty (up to June 2017) flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

Variable consideration

This includes incentives, volume rebates, discounts etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Cost to obtain a contract

The Company pays sales commission to its selling agents for each contract that they obtain for the Company. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortization period of the asset that the Company otherwise would have used is one year or less.

Costs to fulfill a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognised.

Other Operating Revenues

Other Operating revenue mainly consists of Sale of Scrap arising from the production of finished goods.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Interest Income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Interest income is included in finance income in the Statement of profit and loss

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Insurance and other claims

Revenue in respect of Insurance and other claim is recognized only on reasonable certainty of ultimate collection.

3.12 Foreign Currencies

The Financial Statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

3.13 Employee benefits

Short term employee benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees'

service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are reported as current employee benefits payable in the balance sheet.

Post-employment benefits

a) Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefits 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 at the year end.

The present value of the defined benefit obligation 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 obligations.

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity.

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

b) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

3.14 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Payments made under operating leases are charged to the Statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of Management's best estimates 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 risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past

events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

3.16 Dividend

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

3.17 Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

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.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 4 PROPERTY PLANT AND EQUIPMENT (PPE)

Particulars	(₹ in lakhs)											
	Factory/ Research Centre Building	Office Prem- ises	Resi- dential Prem- ises	Factory Flat / Land	Plant and Equip- ments	Electrical Equip- ments	Labo- ratory Equip- ments	Office Equip- ments	Furni- ture & Fixtures	Computer & Peripher- als (Includ- ing Server & Network)	Vehicles	Total Property Plant and Equipment
Gross Carrying Amount												
Balance as at April 01, 2018	8,599.02	92.35	77.44	2.76	11,145.92	973.71	644.05	509.44	657.15	511.35	738.47	23,951.66
Add: Additions during the year	92.08	-	-	-	258.64	25.68	39.64	49.96	4.31	40.10	205.31	715.72
Less: Disposals/ Adjustments	-	-	-	-	-	-	-	-	-	-	24.41	24.41
Balance as at March 31, 2019	8,691.10	92.35	77.44	2.76	11,404.56	999.39	683.69	559.40	661.46	551.45	919.37	24,642.97
Add: Additions during the year	6,292.09	13.31	-	-	9,208.69	1,054.44	177.16	169.20	102.39	182.46	60.29	17,260.03
Less: Disposals/ Adjustments	-	-	-	-	20.04	-	0.41	0.29	-	-	86.33	107.07
Balance as at March 31, 2020	14,983.19	105.66	77.44	2.76	20,593.21	2,053.83	860.44	728.31	763.85	733.91	893.33	41,795.93
Accumulated Depreciation												
Balance as at April 01, 2018	3,793.15	61.30	11.15	1.17	8,359.01	707.03	525.59	354.15	487.18	399.99	446.78	15,146.50
Add: Depreciation for the year	456.84	1.52	3.22	0.08	859.73	72.13	36.31	71.65	40.06	73.25	121.56	1,736.35
Less: Disposals/ Adjustments	-	-	-	-	-	-	-	-	-	-	21.57	21.57
Balance as at March 31, 2019	4,249.99	62.82	14.37	1.25	9,218.74	779.16	561.90	425.80	527.24	473.24	546.77	16,861.28
Add: Depreciation for the year	745.36	2.15	3.06	0.07	2,115.66	198.19	55.60	76.40	35.23	85.62	124.68	3,442.03
Less: Disposals/ Adjustments	-	-	-	-	18.70	-	0.25	0.07	-	-	79.42	98.45
Balance as at March 31, 2020	4,995.35	64.97	17.43	1.32	11,315.70	977.35	617.25	502.13	562.47	558.86	592.04	20,204.86
Net Carrying Amount												
Balance as at March 31, 2019	4,441.11	29.53	63.07	1.51	2,185.82	220.23	121.79	133.60	134.22	78.21	372.60	7,781.69
Balance as at March 31, 2020	9,987.85	40.69	60.00	1.45	9,277.51	1,076.48	243.18	226.19	201.38	175.05	301.29	21,591.07

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 5 NON CURRENT ASSETS : CAPITAL WORK IN PROGRESS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	10,629.09	3,167.49
Add: Additions during the year	7,225.69	7,946.12
Less: Capitalisation during the year	17,270.67	484.52
Balance as at the end of the year	584.11	10,629.09

NOTE 6 NON CURRENT ASSETS : INTANGIBLE ASSETS

Particulars	(₹ in lakhs)		
	Software	Patents / Trademarks	Total Intangible Assets
Gross Carrying Amount			
Balance as at April 01, 2018	17.02	24.78	41.80
Add: Additions during the year	13.68	2.64	16.32
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2019	30.70	27.42	58.12
Add: Additions during the year	74.26	-	74.26
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	104.96	27.42	132.38
Accumulated Depreciation			
Balance as at April 01, 2018	10.88	4.24	15.12
Add: Depreciation for the year	5.69	2.80	8.49
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2019	16.57	7.04	23.61
Add: Depreciation for the year	20.29	2.74	23.03
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	36.86	9.78	46.64
Net Carrying Amount			
Balance as at March 31, 2019	14.13	20.38	34.51
Balance as at March 31, 2020	68.10	17.64	85.74

NOTE 7 NON CURRENT FINANCIAL ASSETS : INVESTMENTS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Unquoted Investment in Equity Instruments of Subsidiaries (at cost)		
(i) Fine Organics (USA), Inc.	195.36	236.55
{Includes ₹ 194.74 lakhs (P.Y. ₹ 235.93 lakhs) notional interest as per Ind AS 109 'Financial Instruments' issued by MCA}		
(Current year: 1,000 shares of \$ 1 each fully paid up)		
(Previous year : 1,000 shares of \$ 1 each fully paid up)		
(ii) Fine Organics Europe BV	28.03	28.03
{Includes ₹ 13.79 lakhs (P.Y. ₹ 13.79 lakhs) notional interest as per IndAS 109 'Financial Instruments' issued by MCA}		
(Current year: 185 shares of Euro 100 each fully paid up)		
(Previous year: 185 shares of Euro 100 each fully paid up)		

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted Investment in Equity Instruments of Jointly Controlled Entity (at cost)		
(i) Fine Zeelandia Private Limited (Current year: 4,02,84,250 shares of ₹ 10/- each fully paid up) (Previous year: 1,31,84,250 shares of ₹ 10/- each fully paid up)	4,028.43	1,318.43
(ii) FineADD Ingredients GmbH (Current year: 2,500 shares of Euro 100 each fully paid up) (Previous year: 1,000 shares of Euro 100 each fully paid up)	160.33	81.29
Unquoted Investment in Equity Instruments at FVTOCI		
(i) Saraswat Co-Operative Bank Limited (Current year: 2,500 shares of ₹ 10/- each fully paid up) (Previous year: 2,500 shares of ₹ 10/- each fully paid up)	4.60	4.78
Total	4,416.75	1,669.08

NOTE 8 NON CURRENT FINANCIAL ASSETS : LOANS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advances to Subsidiaries (Amortised Cost) {refer to note no. 41(b)}	372.06	543.96
Loan to employees	99.88	100.82
Total	471.94	644.78

NOTE 9 NON CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits rent (amortised cost)	38.39	31.96
Fixed deposits with bank (Original maturity more than 12 months)	262.79	176.07
Total	301.18	208.03

NOTE 10 DEFERRED TAX ASSET (NET)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	525.52	-
Others	157.76	264.95
Gross Deferred Tax Asset (a)	683.28	264.95
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	3.66	237.37
Others	58.20	68.11
Gross Deferred Tax Liability (b)	61.86	305.48
Deferred Tax Assets (Net) (a-b)	621.42	(40.53)

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 11 OTHER NON CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances (unsecured, considered good)	2,730.23	3,568.40
Security deposits	241.42	213.62
Income tax refund receivables	17.42	17.42
Prepaid rent on leasehold land & premises	3,173.35	3,247.47
Total	6,162.42	7,046.91

NOTE 12 INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials and packing materials	5,495.69	4,537.50
Semi-finished goods	147.49	281.60
Finished goods	5,189.28	2,090.75
Consumables	53.18	43.61
Stores & spares	1,059.59	946.75
Total	11,945.23	7,900.21

NOTE 13 CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured, considered good	-	-
Unsecured		
Considered good	12,247.98	13,942.69
From related parties {refer to note no. 41(b)}	2,262.60	2,755.78
Which have significant increase in credit risk	157.00	117.57
Less: Allowance for expected credit loss	157.00	117.57
Total	14,510.58	16,698.47

NOTE 14 CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current account	15,190.10	1,668.37
In Exchange Earning Foreign Currency account	404.86	934.41
In Fixed Deposit account {refer to note no. 14.1} (With original maturity of less than 3 months)	4,470.90	7,574.92
Cash on hand	22.07	20.33
Total	20,087.93	10,198.03

Note 14.1 - Disclosure of Fixed Deposits

Includes Current Year ₹ Nil (Previous Year : 3,800.00 Lakhs) created out of unutilised Foreign Currency Borrowings.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 15 CURRENT FINANCIAL ASSETS : BANK BALANCES

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In Fixed deposits (with original maturity of more than 3 months and 12 months or less)	475.14	108.74
Total	475.14	108.74

NOTE 16 CURRENT FINANCIAL ASSETS : OTHERS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	32.80	27.55
Total	32.80	27.55

NOTE 17 CURRENT ASSETS : CURRENT TAX ASSETS (NET)

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Income tax (net of provision for income tax)	702.10	437.22
Total	702.10	437.22

NOTE 18 OTHER CURRENT ASSETS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	252.69	200.28
Balance with statutory / government authorities *	1,858.08	5,082.97
Gratuity Fund balance with LIC of India	-	28.07
Other advances (including advance to suppliers)	2,138.59	2,232.25
Total	4,249.36	7,543.57

* Balances with Government authorities primarily include amounts realisable for GST, the unutilised GST input tax credits. These are generally realised within one year or utilised regularly. Accordingly, these balances have been classified as "Other Current Assets".

NOTE 19 EQUITY SHARE CAPITAL

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
4,00,00,000 Equity Shares of ₹ 5/- each (#)	2,000.00	2,000.00
(Previous year: 4,00,00,000 Equity Shares of ₹ 5/- each)		
Total	2,000.00	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
3,06,59,976 Equity Shares of ₹ 5/- each	1,533.00	1,533.00
(Previous year: 3,06,59,976 Equity Shares of ₹ 5/- each)		
Total	1,533.00	1,533.00

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(#) As per the Scheme of Amalgamation, the authorised share capital of the Transferor Companies, Fine Research & Development Centre Private Limited (“FRDCPL”) and Fine Speciality Surfactants Private Limited (“FSSPL”) amounting to 100,000 shares of ₹ 10 each are transferred to and merged with the authorised share capital of the Amalgamated Company. Also refer to note no. 19.6 regarding sub-division of shares.

Note 19.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2020	As at March 31, 2019
Number of shares at the beginning of the year	3,06,59,976	3,06,59,976
Add: Issued on account of Bonus issue	-	-
Add: Issued on account of Subdivision of shares	-	-
Number of shares at the end of the year	3,06,59,976	3,06,59,976

Note 19.2 - Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 19.3 - Details of Shareholders holding more than 5 % shares of the Company

Name of share holders	Year ended March 31, 2020		Year ended March 31, 2019	
	Number of Share	% in Share Capital	Number of Share	% in Share Capital
Mukesh Maganlal Shah	17,64,045	5.75%	17,64,045	5.75%
Prakash Damodar Kamat	44,52,835	14.52%	44,52,835	14.52%
Jayen Ramesh Shah	34,23,627	11.17%	34,23,627	11.17%
Jyotsna Ramesh Shah	43,25,886	14.11%	43,25,886	14.11%
Bimal Mukesh Shah	21,16,827	6.90%	21,16,827	6.90%
Tushar Ramesh Shah	36,99,182	12.07%	36,99,182	12.07%
SBI Mutual Fund under various schemes	17,21,463	5.61%	17,78,264	5.80%

Note 19.4 - Details of shares reserved for options and contracts / commitments for sale of shares / disinvestment

The Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / disinvestment.

Note 19.5 - Details of calls unpaid

There is no calls unpaid.

Note 19.6 - Subdivision of shares

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 2 shares of face value of ₹ 5/- each for every existing 1 share of the face value of ₹ 10/- each during the FY 2017-18.

The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on November 06, 2017.

Note 19.7 - Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

- (i) The Company has issued 2,80,000 Equity Shares of ₹ 10 Each in Financial year 2016-17 for consideration other than cash to the shareholders of Fine Research & Development Centre Private Limited (“FRDCPL”) and Fine Speciality Surfactants Private Limited (“FSSPL”) on account of Amalgamation.

(Previous year: 2,80,000 Equity shares of ₹ 10 each)

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

- (ii) During the year ended March 31, 2018, the Company has issued 1,02,19,992 Equity shares of ₹ 10 each (Pre Subdivision of shares) pursuant to the bonus issue of shares vide special resolution approved by the shareholders dated October 16, 2017.

The Company has allotted 2 (Two) Fully paid up equity shares of ₹ 10/- each for every 1 (One) Equity shares held by the shareholders (including shares issued to the shareholders on account of amalgamation with FRDCPL & FSSPL).

Later on as per special resolution dated November 06, 2017, such shares are sub divided in to the ratio of 2 (Two) shares of face value of ₹ 5/- each for every existing 1 (One) share of the face value of ₹ 10/- each.

NOTE 20 OTHER EQUITY

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(a) Amalgamation Reserve	1,155.24	1,155.24
(Includes ₹ 4.23 lakhs on account of Amalgamation)		
(b) Retained Earnings (\$)		
Balance as at the beginning of year	48,508.64	38,190.39
Add:		
Profit for the year	16,650.17	12,901.37
Less:		
Dividend paid on equity shares	3,372.60	2,146.20
Dividend distribution tax paid	693.25	436.92
Balance as at the end of the year	61,092.96	48,508.64
(c) Other Comprehensive Income		
Balance as at the beginning of year	(352.17)	(33.29)
Add: Other Comprehensive Income for the year	(351.58)	(318.88)
Balance as at the end of the year	(703.75)	(352.17)
Total (a + b + c)	61,544.45	49,311.71

(\$ Retained Earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to the shareholders.

NOTE 21 NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Secured loans		
Foreign currency borrowings - External Commercial Borrowings		
From Bank {refer to note no. 21.1}	12,471.93	10,808.02
Less : Current maturity {refer to note no. 25}	(3,325.85)	(1,525.84)
Total	9,146.08	9,282.18

Note 21.1 - Disclosure to Non Current Financial Liabilities : Borrowings

- (i) The foreign currency borrowings is secured against exclusive charge on specific Land & Building and Plant & Machinery of the borrower at plot no. N-42/1, MIDC, Anand Nagar, Additional Ambernath Industrial Area, Ambernath - 421501, Maharashtra.
- (ii) Remaining tenure of the borrowing is 45 Months.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 22 NON CURRENT FINANCIAL LIABILITIES : OTHERS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Derivatives designated as Hedge		
Interest Rate Swaps	755.86	390.92
Total	755.86	390.92

NOTE 23 CURRENT FINANCIAL LIABILITIES : BORROWINGS

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Secured loans		
From Scheduled Banks repayable on demand		
Cash Credit facility {refer to note no. 23.1}	-	2,019.15
Total	-	2,019.15

Note 23.1 - Disclosure to Current Financial Liabilities : Borrowings

Secured Loans from banks on Cash Credit are secured by way of hypothecation of stocks of raw materials, finished products, stores and work-in-progress as well as book debts.

NOTE 24 CURRENT FINANCIAL LIABILITIES : TRADE PAYABLES

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Outstanding due to Micro and Small Enterprises {refer to note no. 24.1}	187.12	344.62
Others	8,239.55	4,887.09
Total	8,426.67	5,231.71

Note 24.1 - Disclosure to Trade Payable

Dues to micro and small enterprises

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro and small enterprises amounting to ₹ 187.12 lakhs (Previous year: ₹ 344.62 lakhs). The disclosure pursuant to MSMED Act based on the books of account is as under:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due and remaining unpaid	187.12	344.62
(ii) Interest due on above and the unpaid interest	3.39	4.67
(iii) Interest paid in terms of Section 16 of MSMED Act	-	-
(iv) Amount of payments made to supplier beyond the appointed day	-	-
(v) Amount of interest due and payable for the period of delay on payment made beyond the appointed day during the year without adding interest specified under MSMED Act, 2006	-	-
(vi) Amount of interest accrued and remaining unpaid	3.39	4.67
(vii) Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the MSMED Act, 2006	-	-

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 25 CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings	3,325.85	1,525.84
Trade / Security deposits from customers	162.65	124.32
Dividend payable	0.48	0.25
Total	3,488.98	1,650.41

NOTE 26 OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues liabilities	129.31	94.91
Contractual liabilities {refer to note no. 29.1}	284.07	152.71
Other liabilities	-	71.15
Gratuity liability	144.74	-
Total	558.12	318.77

NOTE 27 CURRENT LIABILITIES : PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for CSR expenses {refer to note no. 36.1}	327.50	446.60
Total	327.50	446.60

NOTE 28 CURRENT LIABILITIES : CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax (net of income tax paid)	457.11	702.90
Total	457.11	702.90

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 29 REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) Revenue from Contracts with customers		
Sales - Specialty chemicals	1,01,537.47	1,03,368.37
Sales - Others	1,083.61	1,028.62
Total [A]	1,02,621.08	1,04,396.99
(B) Other Operating Revenue		
Income from sale of Scrap	1.22	0.21
Total [B]	1.22	0.21
Total [A] + [B]	1,02,622.30	1,04,397.20

Note 29.1 - Other disclosure relating to Revenue from Contracts with Customers (Ind AS 115)

The Company is primarily in the Business of manufacture and sale of Specialty chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/ delivery. The Company evaluates the credit limits for the trade receivables. The Company does not give significant credit period resulting in no significant financing component.

Further, disaggregation of revenue based on geography has been mentioned under segment information.

{refer to note no. 42.3}

Reconciliation of Revenue recognised from contracts with customers with Contract liabilities

(₹ in lakhs)

Particulars	F.Y. 2019-20	F.Y. 2018-19
Opening contract liability	152.71	151.72
Less: Recognised as revenue during the year	5,929.57	7,775.58
Add: Addition to contract liability during the year	6,060.93	7,776.57
Closing contract liability	284.07	152.71

Reconciliation of revenue as per contract price and as recognised in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contract with customer as per contract price	1,03,011.21	1,04,624.36
Less: Discounts and rebates	29.04	18.92
Less: Sales returns	361.09	208.45
Revenue from contract with customer as per statement of profit and loss	1,02,621.08	1,04,396.99

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 30 OTHER INCOME

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Gross interest income	893.12	377.55
Less: FD interest on utilised borrowings transferred to CWIP	63.63	157.44
Net interest income {refer to note no. 30.1}	829.49	220.11
Dividend income	0.04	0.04
Net gain on foreign exchange fluctuations	1,195.53	1,423.04
Reversal of expected credit loss provisions	-	87.43
Other Non Operating Income		
Profit on Sale of Property, Plant and Equipment (net of loss)	13.58	3.61
Insurance claim received	2.77	3.65
Miscellaneous income	9.71	-
Licence fees	-	285.11
Total	2,051.12	2,022.99

Note 30.1 - Particulars of Interest Income

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income from financial assets on amortised cost basis [at EIR]	795.64	167.84
Interest income from non financial assets	33.85	52.27
Total	829.49	220.11

NOTE 31 COST OF MATERIAL CONSUMED

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials and Packing materials consumed		
Opening stock at the beginning of the year	4,537.50	4,459.65
Add : Purchases and incidental expenses	64,559.16	64,861.69
	69,096.66	69,321.34
Less : Closing stock at the end of the year	5,495.69	4,537.50
Total	63,600.97	64,783.84

Note 31.1 - Purchase of Stock-in-trade

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Traded goods	0.18	11.47
Total	0.18	11.47

Note 31.2 - Particulars of Material Consumed

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials	61,164.74	62,104.90
Packing materials	2,436.23	2,678.94
Total	63,600.97	64,783.84

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A] Opening stock of inventories		
Finished goods	2,090.75	2,873.95
Semi-finished goods	281.60	147.42
Trading goods	-	0.34
Total [A]	2,372.35	3,021.71
B] Closing stock of inventories		
Finished goods	5,189.28	2,090.75
Semi-finished goods	147.49	281.60
Trading goods	-	-
Total [B]	5,336.77	2,372.35
Net Total [A] - [B]	(2,964.42)	649.36

NOTE 33 EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and other benefits to Directors	1,320.00	1,140.00
Salaries, wages & other benefits to others	5,208.97	4,489.27
Contribution to Provident Fund and Other Funds	195.64	162.62
Employee Welfare and other amenities	219.08	196.71
Total	6,943.69	5,988.60

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures as defined are given below:

A] Defined Contribution Plans

The Company makes contributions towards provident fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefit.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to Pension scheme	75.03	65.34
Employer's contribution to Provident fund	34.26	29.40
Total	109.29	94.74

B] Defined Benefits Plans

The Company has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'Projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Present value of Defined Benefit Obligation at beginning of the year	816.04	639.21
Add : Service cost		
(a) Current service cost	68.36	55.31
(b) Past service cost	-	-
(c) Loss/(Gain) from settlement	-	-
Add: Current interest cost	59.57	49.55
Add: Benefit paid	(29.81)	(25.93)
Add: Remeasurements of actuarial (gain) / loss		
(a) From changes in demographic assumptions	-	-
(b) From changes in financial assumptions	64.92	17.59
(c) From experience over the past year	38.70	67.50
Effect of acquisition/ (divestiture)	-	-
Transfer in/(out)	-	12.81
Changes in foreign exchange rates	-	-
Present value of Defined Benefit Obligation at the end of the year	1,017.78	816.04

(ii) Reconciliation of opening & closing balances of fair value of plan assets

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Fair value of Plan Asset at beginning of the year	844.11	656.11
Add: Contributions paid by employer	-	158.98
Add: Benefits paid / (received)	(29.81)	(25.93)
Add: Interest income on plan assets	59.83	51.76
Re-measurements		
(a) Actuarial (loss)/gain from changes in financial assumptions	-	-
(b) Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(1.09)	(10.77)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Effect of acquisition/ (divestiture)	-	-
Transfer in/(out)	-	13.96
Changes in foreign exchange rates	-	-
Fair value of Plan Asset at the end of the year	873.04	844.11
Actual return on Plan Assets	58.74	40.99
Expected employer contributions for the coming year	150.00	30.00

(iii) Expenses recognised in Statement Profit and Loss

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost		
(a) Current service cost	68.36	55.31
(b) Past service cost	-	-
(c) Loss/(gain) from settlement	-	-
Net interest on net defined benefit liability/ (asset)	(0.26)	(2.21)
Employer expenses	68.10	53.10

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(iv) Net Liability/(Assets) recognised in the Balance Sheet

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Present value of Defined Benefit Obligation at end of the year	1,017.78	816.04
Less: Fair value of Plan Asset at the end of the year	873.04	844.11
Liability/ (Asset) recognised in the Balance Sheet	144.74	(28.07)
Funded Status [Surplus/(Deficit)]	(144.74)	28.07
Of which, Short term Liability		-
Experience adjustment on Plan Liabilities: (Gain)/Loss	38.70	67.50
Experience adjustment on Plan Assets: Gain/(Loss)	-	(10.77)

(v) Assumptions used to determine the defined benefit obligation

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Salary growth rate	5.00 % P.A.	5.00 % P.A.
Discount rate (p.a.)	6.40% P.A.	7.30% P.A.
Withdrawal rate	5.00 % P.A.	5.00 % P.A.
Mortality table rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Interest rate on net DBO	7.30% P.A.	7.60% P.A.
Expected weighted average remaining working life	8 years	8 years

(vi) Movement in Other Comprehensive Income

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at start of year (loss)/ gain	(122.70)	(26.84)
Re-measurements on DBO		
(a) Actuarial (loss)/gain from changes in demographic assumptions	-	-
(b) Actuarial (loss)/gain from changes in financial assumptions	(64.92)	(17.59)
(c) Actuarial (loss)/gain from experience over the past period	(38.70)	(67.50)
Re-measurements on Plan Assets		
(a) Actuarial (loss)/gain from changes in financial assumptions	-	-
(b) Return on Plan Assets, excluding amount included in net interest on the net defined benefit liability/(asset)	(1.09)	(10.77)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at end of year (loss)/gain	(227.41)	(122.70)

(vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of Sensitivity Analysis is given below:

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Salary growth rate	increases by ₹ 83.24 lakhs	decreases by ₹ 74.38 lakhs	increases by ₹ 64.16 lakhs	decreases by ₹ 57.56 lakhs
Discount rate	decreases by ₹ 72.81 lakhs	increases by ₹ 82.91 lakhs	decreases by ₹ 55.90 lakhs	increases by ₹ 63.33 lakhs
Withdrawal rate	increases by ₹ 6.23 lakhs	decreases by ₹ 7.01 lakhs	increases by ₹ 8.21 lakhs	decreases by ₹ 9.16 lakhs
Mortality (increase in expected lifetime by 1 year)	decreases by ₹ 0.18 lakhs	-	decreases by ₹ 0.37 lakhs	-
Mortality (increase in expected lifetime by 3 years)	decreases by ₹ 0.53 lakhs	-	decreases by ₹ 0.92 lakhs	-

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(viii) Movement in Surplus/ (Deficit)

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Surplus/ (Deficit) at start of year	28.07	16.90
Add : Net acquisition adjustment	-	-
Transfer in / (out) on net basis	-	1.15
<i>Movement during the year</i>		
Less : Current service cost	(68.36)	(55.31)
Less : Past service cost	-	-
Add : Net interest on net DBO	0.26	2.21
Actuarial gain/ (loss)	(104.71)	(95.86)
Add : Employer contributions/ benefits paid	-	158.98
Surplus/ (Deficit) at end of year	(144.74)	28.07

(ix) Risk Factors

Through its gratuity plans, the company is exposed to a number of risks, the most significant of which are detailed below:-

Interest Risk

A decrease in the bond interest rate will increase the plan liability; however, in case of gratuity plan this will be partially offset by an increase in the return on the plan's assets.

Longevity Risk

The present value of Gratuity plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the Gratuity plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 34 FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Gross interest expenses	633.04	327.79
Less: Interest expenses transferred to CWIP (including interest rate swaps hedge loss)	252.37	264.91
Net interest expenses	380.67	62.88
Bank charges and commission	97.45	116.17
Total	478.12	179.05

NOTE 35 DEPRECIATION & AMORTISATION EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, Plant and Equipment	3,442.04	1,736.35
Amortisation on Intangible Assets	23.03	8.49
Total	3,465.07	1,744.84

NOTE 36 OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement & publicity expenses	6.25	6.42
Auditors remuneration:		
(i) Statutory audit	28.00	29.00
(ii) Taxation matters	8.50	12.50
(iii) Limited review fees	9.75	7.50
(iv) Others	1.25	-
Remuneration to cost auditor	3.00	3.00
Consumption of stores and spares	42.71	21.22
Corporate social responsibility expenses {refer to note no. 36.1}	335.56	263.10
Director sitting fees	11.35	11.55
Electricity charges	60.53	59.64
Expected credit loss provisions	39.44	-
Freight and forwarding charges	2,034.62	2,113.88
Insurance charges	133.88	103.22
Laboratory expenses	92.14	91.50
Legal and professional fees	523.00	545.83
Other administrative expenses	168.91	143.75
Postage, telephone and telegram	81.15	115.97
Power, Fuel and Water charges	4,927.16	4,241.25
Printing and stationery expenses	44.53	50.35
Product registration fees	-	40.78
Provision for doubtful receivables	15.81	9.25
Provision for diminution in value of Joint venture	40.08	-
Rent, rates and taxes	327.90	268.50

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Repairs and maintenance to:		
(i) Factory Building	186.86	42.63
(ii) Machinery	676.68	726.41
(iii) Others	213.32	326.75
Sales promotion expenses	87.83	90.72
Sales commission	632.64	738.41
Security charges	217.17	197.66
Seminar & trade fair expenses	180.32	125.06
Subscription, membership, books & periodicals	34.71	42.07
Travelling and conveyance expenses	208.82	250.66
Vehicle expenses	59.99	60.17
Total	11,433.86	10,738.75

Note 36.1 - Corporate Social Responsibility Expenses

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2020 and 2019 is ₹ 335.56 lakhs and ₹ 263.10 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR).

The Company has spent an amount of ₹ 454.66 lakhs and ₹ 33 lakhs during the year ended March 31, 2020 and 2019 respectively towards various CSR Projects.

In accordance with Rule 4 (2) of CSR Rules, 2014, the said funds will be utilised as per CSR Policy.

NOTE 37 RECONCILIATION OF REPORTED PROFIT TO TOTAL TAX EXPENSE

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	21,715.95	22,324.28
Applicable income tax rate	25.17%	34.94%
Expected income tax expense	5,465.47	7,801.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of expenses / provisions not deductible in determining taxable profit	59.57	107.06
Other permanent differences	84.45	91.94
Reported income tax expense	5,609.49	8,000.00

NOTE 38 DEFERRED TAX EXPENSES / (INCOME)

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	-	682.24
Others	215.52	52.35
Sub Total (a)	215.52	734.59
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	759.23	-
Others	-	37.91
Sub Total (b)	759.23	37.91
Deferred tax Expenses / (Income)	(543.71)	696.68

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 39 EARNINGS PER EQUITY SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Computation of profit (numerator)		
Net profit attributable to shareholders (₹ in lakhs)	16,650.17	12,901.37
(b) Computation of weighted average number of shares (denominator)		
Number of shares outstanding at the beginning of the year	3,06,59,976	3,06,59,976
Weighted average number of equity shares issued and outstanding during the year on account of amalgamation	-	-
Total number of shares outstanding at the end of the period	3,06,59,976	3,06,59,976
(c) Adjusted weighted average equity shares	3,06,59,976	3,06,59,976
EPS (Basic & Diluted) (in ₹)	54.31	42.08

NOTE 40 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
		(₹ in lakhs)
Contingent Liabilities		
Income tax liability that may arise in respect of matters in appeal	150.30	407.15
Indirect taxes liability that may arise in respect of matters in appeal	5.72	27.16
Commitments		
Estimated contracts remaining to be executed on capital account not provided	1,046.76	3,445.61
Bank guarantee	865.61	629.32

The Financial Statements of the Company for the year ended March 31, 2020 has been approved by the Board of Directors in its meeting held on June 27, 2020. For the year ended March 31, 2020 dividend of ₹ 3 per share (Total dividend of ₹ 919.80 lakhs) has been proposed by the Board of Directors at its meeting held on June 27, 2020. The same is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and therefore proposed dividend has not been recognised as liability as at the Balance Sheet Date in line with Ind AS - 10 "Events after the Reporting Period."

It is not practicable for the Company to estimate the timings of the cash outflows if any in respect of the above contingent liabilities pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 41 RELATED PARTY TRANSACTIONS DISCLOSURE:

The Disclosure pertaining to the related parties as required by Indian Accounting Standard 24 issued by Ministry of Corporate Affairs (MCA), as applicable, are indicated below:

(a) List of Related Parties and Relationships

Sr. No	Name of the Related Party	Nature of Relationship
Key Management Personnel (KMP)		
1	Mukesh Maganlal Shah	Managing Director
2	Prakash Damodar Kamat	Chairman
3	Jayen Ramesh Shah	Executive Director & CEO
4	Tushar Ramesh Shah	Executive Director & CFO
5	Bimal Mukesh Shah	Executive Director
6	Parthasarathi Thiruvengadam	Independent Director (w.e.f. November 13, 2017)
7	Mahesh Pansukhlal Sarda	Independent Director (w.e.f. November 13, 2017)
8	Kaushik Dwarkadas Shah	Independent Director (w.e.f. January 24, 2018)
9	Prakash Krishnaji Apte	Independent Director (w.e.f. November 13, 2017)
10	Pratima Madhukar Umarji	Independent Director (w.e.f. November 13, 2017)
11	Jyotsna Ramesh Shah	Relative of KMP
12	Jayshree Mukesh Shah	
13	Neeta Jayen Shah	
14	Bina Tushar Shah	
15	Esha Tushar Shah	
16	Rhea Tushar Shah	
17	Ramesh M. Shah - HUF	
18	Prakash D. Kamat - HUF	
19	Mukesh M. Shah - HUF	
20	Jayen R. Shah - HUF	
21	Tushar R. Shah - HUF	
22	Manali Jayen Shah	
23	Shaili Nirav Doshi	Significant influence by KMP
24	Smoothex Chemicals Private Limited	
25	Olefine Organics	
26	Olefine Organics SDN. BHD.	
27	Olefine Organics (Thailand) Co. Limited	
28	Fine Organic Industries	Subsidiaries
29	Fine Organics (USA), Inc.	
30	Fine Organics Europe BV	
31	Fine Zeelandia Private Limited	Jointly Controlled Entities
32	FineAdd Ingredients GmbH	

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(b) Transactions (in aggregate) with Related Parties during the period and their closing balances at the period end

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2019 to March 2020	April 2018 to March 2019	As at March 31, 2020	As at March 31, 2019
1	Director's Remuneration				
	Prakash Damodar Kamat	264.00	228.00	12.21	-
	Mukesh Maganlal Shah	264.00	228.00	12.21	-
	Jayen Ramesh Shah	264.00	228.00	12.21	-
	Tushar Ramesh Shah	264.00	228.00	12.21	-
	Bimal Mukesh Shah	264.00	228.00	12.21	-
2	Director's Sitting Fees				
	Parthasarathi Thiruvengadam	1.80	2.28	-	-
	Mahesh Pansukhlal Sarada	2.40	2.28	-	-
	Kaushik Dwarkadas Shah	2.30	2.23	-	-
	Prakash Krishnaji Apte	2.95	2.73	-	-
	Pratima Madhukar Umarji	1.90	2.05	-	-
3	Sale of Goods				
	Oleofine Organics SDN. BHD.	450.10	405.73	93.57	114.27
	Oleofine Organics (Thailand) Co.Ltd.	482.71	489.66	72.26	74.09
	Fine Organics (USA), Inc.	1,823.11	2,040.79	476.13	949.60
	Fine Organics Europe BV	3,993.99	3,954.16	1,523.80	1,236.05
	Fine Zeelandia Private Limited	1,263.23	717.12	96.85	345.00
4	Sale of Licence				
	Fine Zeelandia Private Limited	140.18	146.22	-	33.32
5	Sale of Components / Assets				
	Fine Zeelandia Private Limited	-	15.34	-	-
	Oleofine Organics SDN. BHD.	0.61	54.15	-	3.44
6	Purchase of Goods / Samples				
	Fine Zeelandia Private Limited	5.36	-	-	-
	Oleofine Organics SDN. BHD.	-	66.03	-	-
7	Processing charges paid				
	Oleofine Organics	-	201.00	-	-
8	Purchase of Licence / Trade Mark				
	Fine Organic Industries	-	2.49	-	-
9	Purchase of Components / Assets				
	Oleofine Organics	-	130.33	-	-
10	Dividend paid/proposed				
	Prakash Damodar Kamat	489.81	311.70	-	-
	Jyotsna Ramesh Shah	475.85	302.81	-	-
	Tushar Ramesh Shah	406.91	258.94	-	-
	Jayen Ramesh Shah	376.60	239.65	-	-
	Bimal Mukesh Shah	232.85	148.18	-	-
	Mukesh Maganlal Shah	194.04	123.48	-	-
	Neeta Jayen Shah	72.59	46.19	-	-
	Bina Tushar Shah	63.18	40.21	-	-
	Jayshree Mukesh Shah	62.54	39.80	-	-
	Ramesh M. Shah HUF	33.99	21.63	-	-
	Jayen R. Shah HUF	33.77	21.49	-	-

**NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2019 to March 2020	April 2018 to March 2019	As at March 31, 2020	As at March 31, 2019
	Mukesh M. Shah HUF	15.46	9.84	-	-
	Prakash D. Kamat HUF	15.09	9.60	-	-
	Shaili Nirav Doshi	13.52	8.60	-	-
	Rhea Tushar Shah	11.73	7.46	-	-
	Esha Tushar Shah	11.73	7.46	-	-
	Manali Jayen Shah	8.43	5.36	-	-
	Tushar R. Shah HUF	11.35	7.23	-	-
11	Salary to Relatives of KMP				
	Manali Jayen Shah	31.50	28.50	1.67	-
12	Export Commission				
	Oleofine Organics SDN. BHD.	2.52	3.44	-	1.70
13	Security Deposit - Rent				
	Fine Organic Industries	-	-	-	15.90
	Olefine Organics	-	2.40	-	2.40
14	Rent Expenses				
	Fine Organic Industries	86.55	86.51	6.48	-
	Olefine Organics	21.53	12.65	1.62	-
	Prakash Damodar Kamat	8.40	8.40	0.63	-
	Jyotsna Ramesh Shah	8.40	8.40	0.63	-
	Jayshree Mukesh Shah	8.40	8.40	0.63	-
	Bina Tushar Shah	8.40	8.40	0.63	-
15	Prepaid Rent				
	Fine Organic Industries	-	-	0.51	2.10
	Olefine Organics	-	-	0.32	0.60
16	Advances to Subsidiaries (*)				
	Fine Organics (USA), Inc.	(204.42)	40.09	372.06	543.96
	Fine Organics Europe BV	-	(79.80)	-	-
17	Reimbursement of Expenses				
	Prakash Damodar Kamat #	1.40	489.41	-	15.15
	Mukesh Maganlal Shah #	1.40	492.04	-	12.64
	Jayen Ramesh Shah #	3.44	491.64	-	12.94
	Tushar Ramesh Shah #	1.42	491.83	-	13.40
	Jyotsna Ramesh Shah #	1.40	487.53	-	17.02
	Bimal Mukesh Shah	0.93	0.02	-	-
	Parthasarathi Thiruvengadam	-	0.07	-	-
	Prakash Krishnaji Apte	0.32	-	-	-
	Manali Jayen Shah	0.18	0.47	-	(0.04)
	Olefine Organics	-	3.78	-	-
	Fine Zeelandia Private Limited	2.26	2.37	-	-
	Oleofine Organics SDN. BHD.	-	0.34	-	-
	Oleofine Organics (Thailand) Co.Ltd.	-	0.38	-	-
18	Investments in equity instruments				
	Fine Organics (USA), Inc. (*)	-	-	195.36	236.55
	Fine Organics Europe BV (*)	-	-	28.03	28.03
	Fine Zeelandia Private Limited	2,710.00	190.00	4028.43	1318.43
	FineADD Ingredients GmbH	119.13	81.29	160.33	81.29

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2019 to March 2020	April 2018 to March 2019	As at March 31, 2020	As at March 31, 2019
19	Interest Income on Advances / Security deposit (\$)				
	Fine Organics (USA), Inc.	32.53	47.65	32.53	47.65
	Fine Organics Europe BV	-	4.96	-	4.96
	Fine Organic Industries	1.59	1.55	1.59	1.55
	Olefine Organics	0.29	0.26	0.29	0.26

*Includes Ind AS adjustments, Foreign Exchange fluctuations gain / (loss) on transaction during the year & Closing Balance revaluation

IPO expenses reimbursed by the Directors to the Company

\$Includes Ind AS adjustments

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. (Disclosure of compensation paid to key managerial person)

NOTE 42 OPERATING SEGMENT DISCLOSURE

The Company has identified its reportable segment as “Specialty chemicals” since the Chief Operating Decision Maker (CODM) evaluates the Company’s performance as a single segment in terms of Indian Accounting Standard 108 issued by Ministry of Corporate Affairs (MCA).

Note 42.1 - Disclosure for assets outside India

The Company does not have any non current non financial assets outside India

Note 42.2- Disclosure for major customers more than 10%

There are no transactions with single external customer which amounts to 10% or more of the Company’s revenue.

Note 42.3- Geographic information

The geographic information analyses the Company’s revenue and non-current assets by the Company’s Country of domicile and other Countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the Specialty chemicals portfolio of the Company are managed on a worldwide basis from India.

The Company has disaggregated its revenue from contract with customers and trade receivables on a geographical basis as under:

(₹ in lakhs)

Particulars	Revenue from contracts with customers March 31, 2020	Revenue from contracts with customers March 31, 2019
- In India	46,829.27	46,479.12
- Outside India	55,791.81	57,917.87
Total Revenue	1,02,621.08	1,04,396.99

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- In India	4,535.42	4,609.95
- Outside India	10,132.16	12,206.09
Less : Expected Credit Loss on trade receivables	(157.00)	(117.57)
Total	14,510.58	16,698.47

NOTE 43 INTERNAL FINANCIAL CONTROL SYSTEM

The Management has laid down the Internal Control Framework in which each department of the Company is being headed by professional HODs. These HODs are responsible for the day-to-day operations of the Company. The Company has completed the documentation on internal control framework mechanism and is in the process of formalising the internal control framework. No significant deficiencies or material weakness has been observed in the operation and Financial Control and processes of the Company.

NOTE 44 IMPACT OF COVID-19

Due to COVID-19 pandemic and the consequent lock down announced by the Government of India, the operations of the Company have been suspended in the fourth week of March 2020. The Company has since obtained required permissions and partially restarted plants operations in the first week of April 2020. The Management has also evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no significant impact on the financial results of the Company, as at and for the year ended March 31, 2020. The Management will continue to monitor any material changes to its COVID-19 impact assessment, resulting from the future economic conditions and future uncertainty, if any.

NOTE 45 DISCLOSURE PURSUANT TO SECTION 186 (4) OF THE COMPANIES ACT, 2013

(a) Investment Made (At Amortised Cost)

(₹ in lakhs)

Name of entity	As at March 31, 2020	As at March 31, 2019
Fine Organics (USA), Inc.	195.36	236.55
Fine Organics Europe BV	28.03	28.03
Fine Zeelandia Private Limited	4,028.43	1,318.43
FineADD Ingredients GmbH	160.33	81.29

(b) Advances Given

(₹ in lakhs)

Name of entity	As at March 31, 2020	As at March 31, 2019
Fine Organics (USA), Inc.	372.06	543.96

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 46 OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

The Company's significant leasing arrangements are in respect of operating leases for building premises (offices, plant, godowns etc.). These leasing arrangements are non-cancellable in nature, and are usually renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

Name of entity	As at March 31, 2020	As at March 31, 2019
Lease payment recognised in the statement of profit and loss	25.14	3.56
Minimum lease payments under non cancellable operating leases payable		
Not later than 1 year	37.55	38.61
Later than 1 year but not less than 5 years	150.20	154.44
Later than 5 years	3,022.50	3,054.85
Total future minimum lease payment	3,210.24	3,247.89

NOTE 47 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments

(₹ in lakhs)

Particulars	Note no	Carrying Value		Fair Value	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
FINANCIAL ASSETS					
A] Financial assets at fair value through profit & loss		-	-	-	-
B] Financial assets at fair value through OCI					
Non Current Financial Assets: Investments	Note 7	4.60	4.78	4.60	4.78
C] Financial assets at amortised cost					
Non Current Financial Assets : Loans	Note 8	471.94	644.78	471.94	644.78
Non Current Financial Assets : Others	Note 9	301.18	208.03	301.18	208.03
Current Financial Assets : Trade receivables	Note 13	14,510.58	16,698.47	14,510.58	16,698.47
Current Financial Assets : Cash and cash equivalents	Note 14	20,087.93	10,198.03	20,087.93	10,198.03
Current Financial Assets : Bank balances	Note 15	475.14	108.74	475.14	108.74
Current Financial Assets : Others	Note 16	32.80	27.55	32.80	27.55
FINANCIAL LIABILITIES					
A] Financial liabilities at fair value through profit & loss		-	-	-	-
B] Financial liabilities at amortised cost:					
Non Current Financial Liabilities : Borrowings (including current maturity on long term borrowing)	Note 21	12,471.93	10,808.02	12,471.93	10,808.02
Non Current Financial Liabilities : Others	Note 22	755.86	390.92	755.86	390.92
Current Financial Liabilities : Borrowings	Note 23	-	2,019.15	-	2,019.15
Current Financial Liabilities : Trade payable	Note 24	8,426.67	5,231.71	8,426.67	5,231.71
Current Financial Liabilities : Others	Note 25	163.13	124.57	163.13	124.57

In all cases, the Management has assessed that the fair value of all financial assets and liabilities at amortised cost approximate their carrying amounts as stated above.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 48 FAIR VALUES

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Note 48.1 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of valuation	Total	Level 1*	Level 2**	Level 3***
FINANCIAL ASSETS					
A) Financial assets at fair value through profit & loss					
B) Financial assets at fair value through OCI					
Non Current Financial Assets: Investments	March 31, 2019 {refer Note No. 48.3}	4.60	-	4.60	-
FINANCIAL LIABILITIES					
A) Financial liabilities at fair value through profit & loss					
B) Financial liabilities at amortised cost:					
Non Current Financial Liabilities : Borrowings (including current maturity on long term borrowing)	March 31, 2020	12,471.93	-	-	12,471.93
Non Current Financial Liabilities : Others	March 31, 2020	755.86			755.86
Current Financial Liabilities : Borrowings	March 31, 2020	-	-	-	-
Current Financial Liabilities : Trade payable	March 31, 2020	8,426.67	-	-	8,426.67
Current Financial Liabilities : Others	March 31, 2020	163.13	-	-	163.13

*Refer Note no. 2.5 for Fair value measurement method

Note 48.2 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of valuation	Total	Level 1*	Level 2**	Level 3***
FINANCIAL ASSETS					
A) Financial assets at fair value through profit & loss					
B) Financial assets at fair value through OCI					
Non Current Financial Assets: Investments	March 31, 2018 {refer Note No. 48.3}	4.78	-	4.78	-

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(₹ in lakhs)

Particulars	Fair value measurement using				
	Date of valuation	Total	Level 1*	Level 2**	Level 3***
C) Financial assets at amortised cost					
Non Current Financial Assets : Loans	March 31, 2019	644.78	-	-	644.78
Non Current Financial Assets : Others	March 31, 2019	208.03	-	-	208.03
Current Financial Assets : Trade receivables	March 31, 2019	16,698.47	-	-	16,698.47
Current Financial Assets : Cash and cash equivalents	March 31, 2019	10,198.03	-	-	10,198.03
Current Financial Assets : Bank balances	March 31, 2019	108.74	-	-	108.74
Current Financial Assets : Others	March 31, 2019	27.55	-	-	27.55
FINANCIAL LIABILITIES					
A) Financial liabilities at fair value through profit & loss		-	-	-	-
B) Financial liabilities at amortised cost:					
Non Current Financial Liabilities : Borrowings (including current maturity on long term borrowing)	March 31, 2019	10,808.02	-	-	10,808.02
Non Current Financial Liabilities : Others	March 31, 2019	390.92	-	-	390.92
Current Financial Liabilities : Borrowings	March 31, 2019	2,019.15	-	-	2,019.15
Current Financial Liabilities : Trade payable	March 31, 2019	5,231.71	-	-	5,231.71
Current Financial Liabilities : Others	March 31, 2019	124.57	-	-	124.57

*Refer note no. 2.5 for Fair value measurement method

Note 48.3 - Measurement of Fair Value : Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values for assets and liabilities carried at fair value through profit or loss

(₹ in lakhs)

Type	Valuation Technique
FINANCIAL ASSETS	
A) Financial assets at fair value through profit & loss	Not Applicable
B) Financial assets at fair value through OCI	
Non Current Financial Assets: Investments	Level - 2: The fair value is determined as on the reporting date based on value per share derived from net worth of the Company as per the latest available annual report, since there is no other publicly available market based information for similar entities.
C) Financial assets at amortised cost	
Non Current Financial Assets : Loans	Level - 3: The fair value is determined as on the reporting date based on amortised cost method by considering the discount rates based on yields of comparable investments or the transaction values where these are short term in nature.
Non Current Financial Assets : Others	
Current Financial Assets : Trade receivables	
Current Financial Assets : Cash and cash equivalents	
Current Financial Assets : Bank balances	
Current Financial Assets : Others	
FINANCIAL LIABILITIES	
A) Financial liabilities at fair value through profit & loss	Not Applicable
B) Financial liabilities at amortised cost:	
Non Current Financial Liabilities : Borrowings	Level - 3: The fair value is determined as on the reporting date based amortised cost method.
Non Current Financial Liabilities : Others	
Current Financial Liabilities : Borrowings	
Current Financial Liabilities : Trade payable	
Current Financial Liabilities : Others	

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

NOTE 49 CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued equity share capital, all other reserves and borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Company:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Long term borrowing (including current maturities of long term borrowings)	12,471.93	10,808.02
Short term borrowing	-	2,019.15
Less: Cash and cash equivalents	20,825.86	10,482.84
TOTAL BORROWING (NET)	(8,353.93)	2,344.33
Equity share capital	1,533.00	1,533.00
Other equity	61,544.45	49,311.71
TOTAL EQUITY	63,077.45	50,844.71
Gearing ratio (net debt/ total equity)	(0.13)	0.05

No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

NOTE 50 FINANCIAL RISK MANAGEMENT FRAMEWORK

A) Financial Risk Management

The Company's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below :

1) Market Risk

Market Risks arise due to Changes in interest rates, Foreign Exchange rates and changes in Market prices.

(i) Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's policy is generally to undertake long-term borrowings using facilities that carry floating-interest rate. The Company manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Moreover, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates.

As at the end of reporting period, the Company had following long term variable interest rate borrowings and derivatives to hedge the interest rate risk are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Notional value of liability	12,471.93	10,808.02
Less: Interest Rate Swap on above Liability	12,471.93	10,808.02
Net exposure	-	-

Disclosure of Effects of Interest Rate Swaps Hedge accounting on Financial Position as at March 31, 2020

(₹ in lakhs)

Particulars	Nominal value of Liability	Carrying Amount of Hedging Instrument	Maturity Date	Hedge Ratio
Interest Rate Risk				
- Interest Rate Swaps	12,471.93	755.86	December 2023	1:1

Disclosure for Gain / (Loss) recognised in cashflow hedging reserve and recycled during the year

For FY 2019-20

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	390.92	364.94	-	-	-	755.86

For FY 2018-19

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	-	390.92	-	-	-	390.92

Interest rate sensitivity

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge its foreign currency exposures in USD and Euro.

a) Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any Derivative Instruments for trading and speculation purposes.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Forward Exchange Contracts used for hedging foreign exchange currency exposure and outstanding as at reporting date as at under :

(Amount in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent
Forward Contract to Sell USD	86	78.25	5,899.27	6	10.50	757.01
Forward Contract to Sell Euro	56	37.50	3,114.38	-	-	-
Forward Contract to Buy USD	-	-	-	11	27.00	1,877.43

b) The unhedged exposures as at the end of the reporting date as follows

(Amount in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency
Financial Assets				
Trade receivables - USD	1,200.35	\$15.92	9,832.87	\$142.15
Trade receivables - Euro	-	-	2,465.12	€ 31.73
Advance to subsidiary	376.93	\$5.00	622.54	\$9.00
Financial Liabilities				
Trade payables - USD	-	-	-	-
Trade payables - Euro	-	-	3.53	€ 0.05
Long term borrowings - USD	12,471.93	\$165.44	12,333.85	\$156.25
Net Exposure - USD	(10,894.65)	(\$144.52)	(1,878.44)	(\$5.10)
Net Exposure - Euro	-	-	2,461.59	€ 31.68

In case of change in the currencies by 1%, the change in the profit would be as under :

(Amount in lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Change	USD \$	EURO €	Change	USD \$	EURO €
1% Depreciation in INR	1%	(\$108.95)	-	1%	(\$18.78)	€ 24.62
1% Appreciation in INR	1%	\$108.95	-	1%	\$18.78	(€ 24.62)

(iii) Market Price Risks

The Company is affected by the price stability of certain commodities. Purchases of Raw Materials from our top 2 suppliers constitute approximately 38% of our total purchases made from all suppliers. We do not enter into supplier contracts of duration of more than 6 months. If suppliers do not supply us, there can be no assurance that we will be able to identify alternative suppliers in future at similar cost. Any disruption in the supply of the raw materials could disrupt our manufacturing operations, which could have a material adverse effect on our business, results of operations and financial condition.

The Company's total imports of raw materials is approximately 30.00% (P.Y.: 30.04%) of the total raw material consumed. The cost of our imported raw material affected by the fluctuation in the rate of foreign exchange of the currency in which we purchase these raw materials (primarily in USD) and the Rupee. The Company has a risk management framework aimed at prudently managing the price risk arising from the volatility in commodity prices and freight costs and tries to pass on increases in the costs to its customers to whatever extent possible.

2) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares and Balances with Banks.

NOTES FORMING INTEGRAL PART OF THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

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 (generally between 30 to 90 days) and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended March 31, 2020 is 0.69% (P.Y. 0.73%) of the total trade receivables. The Company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

3) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has obtained fund and non-fund based borrowings from banks. The Company invests its surplus funds in bank fixed deposit which carry low credit risks.

All payments are made on due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Uncommitted borrowings - Financial arrangements

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Expiring within one year		
Borrowings in foreign currency	-	2,161.60
Expiring beyond one year		
Borrowings in foreign currency	-	-

Maturity to 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.

(₹ in lakhs)

Particulars	Outstanding Balance as on March 31, 2020	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term borrowings (including current maturity on long term borrowings)	12,471.93	3,325.85	6,651.70	2,494.38	-
Trade payable	8,426.67	8,426.67	-	-	-
Securities deposits taken	162.65	162.65	-	-	-
Statutory dues payable	129.31	129.31	-	-	-
Advanced from customer	284.07	284.07	-	-	-
Provision - others	327.50	327.50	-	-	-
Income tax	457.11	457.11	-	-	-