Notes to Standalone Financial Statements

for the year ended 31 March 2019

1. Corporate information

Neogen Chemicals Limited is Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having Corporate Identity Number U24200MH1989PLC050919. Company has its registered office at Thane, Maharashtra. The Company is engaged in the business of manufacturing of eco - friendly speciality chemicals which are used in Pharmaceutical, Engineering & Agro-Chemical industries. Neogen has developed significant expertise in highly demanding field of Bromine Compounds, Lithium compounds & more recently advance intermediates for pharamaceutical industries & Agro-Chemical industries of world class standards. The principal place of business of the company are at Thane (HO), one unit of Factory at Mahape in Navi Mumbai and another unit of Factory at Karakhadi in District Vadodara, Gujarat & third site at Dahej SEZ, Gujarat is under development for further expansion of business of Organic Chemistry & Lithium chemistry. The Company caters to both domestic and international markets. The Manufacturing facility is also having well equipped R & D and analytical labs. It has various certificates like ISO 9001:2015, ISO 14001 & ISO 18001 for Safety & Environment, Star Export House from Government of India and Crisil rating.

The Company has completed Initial Public Offerings (IPO) of 32,55,813 shares of Rs. 10 each at an offer price of 215/- per Equity share aggregating to Rs.70 Crores through Fresh Issue of Equity Shares along with combined offer for sale of 29,00,000 shares by promoters. The Equity Shares of the Company are listed on 8th May, 2019 on Bombay Stock Exchange Limited(BSE) and National Stock Exchange of India Limited (NSE)..

2. Basis of preparation and Significant accounting policies

2.1 Basis of Preparation and 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. The accounting policies are applied consistently to all the periods presented in the financial statements.

These Financial Statements are the first standalone Financial Statements of the Company under Ind AS. Previous period numbers for the year ended 31st March, 2018 in the Financial Statements have been restated to confirm to Ind AS. Accordingly, the date of transition to Ind AS is 1st April, 2017.

As these are the Company's first standalone Financial Statements prepared in accordance with Ind AS, Ind AS 101, "First-time adoption of Indian Accounting Standards" has been applied. An explanation of how the transition to Ind AS has affected the previously reported Financial position, Financial performance and cash flows of the company is provided in Note to accounts.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value;
- assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans - plan assets measured at fair value;

Current and non-current classification

- All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

2.3 Basis of measurement

The standalone 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 standalone Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which affects 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 recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2019 are as follows:

a) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

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

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognized as interest expense and not included in cost of asset.

Depreciation and amortization estimated useful life and residual value

Depreciation on property, plant and equipment is provided using the straight-line method as per the estimated useful life which corresponds to the rates prescribed under Schedule II of the Companies Act, 2013:

Description of Asset Class	Useful life as per Schedule II
Buildings	30 years
Plant and machinery	20 years
M.S. Structure & FRP Gratings	20 years
Effluent Treatment Plant	20 Years
Safety Equipments	10 Years
Quality Control Instruments & R & D Equipments	10 Years
Office equipment's	10 years
I T Equipments	3 years
Furniture and fixtures	10 years
Vehicles	8 years

Leasehold improvements are amortized over the period of lease which ranges from 1 to 99 years.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous Indian

Notes to Standalone Financial Statements

for the year ended 31 March 2019

GAAP and use that carrying value as the deemed cost of the property, plant and equipment. The Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) while preparing Financial Information for the years ended March 31, 2019, March 31, 2018, April 1, 2017. Accordingly, suitable adjustments in the accounting heads are made to the financial statements as of and for the years ended April 1, 2017 and March 31, 2018.

b) Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific assets to which it states.

Subsequent measurement (depreciation and useful lives)

The Company amortizes intangible assets with a finite useful life using the straight-line method over six years. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2017 measured as per the previous Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment. The Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) while preparing Financial Information for the years ended March 31, 2019, March 31, 2018 and April 1, 2017. Accordingly, suitable adjustments in the accounting heads are made to the financial statements as of and for the years ended March 31, 2018 and April 1, 2017.

c) Inventory

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition.
- In case of work in progress at raw material cost plus direct conversion and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.
- In case of finished goods-cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs.
- In case of scrap of goods, the same are valued at net realizable value.
- Net realizable 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. The net realizable 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 realizable value.

d) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand and short-term deposits

Notes to Standalone Financial Statements

for the year ended 31 March 2019

with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) Foreign currency transactions

The financial information is presented in Indian Rupee (₹) which is also the functional currency of the Company, rounded off to nearest Lakhs up to two decimals.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign Exchange gains and losses are presented in the statement of profit and loss on a net basis

f) Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

g) Revenue Recognition

Revenue is recognized to the extent it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of related rebates. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from sale of goods is recognized when substantial risk and rewards of the ownership are transferred to the buyer under the terms of the contract.

h) Other income

a. Interest Income

Interest income is recognized on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

b. Government grant

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Where the grant relates to an asset, it is recognized as deferred income and

Notes to Standalone Financial Statements

for the year ended 31 March 2019

credited to income in equal amounts over the expected useful life of the related asset.

i) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Indian Accounting Standard 19- Employee Benefits.

j) Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalization of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption.

k) Income taxes

The income tax expense recognized in the financial statement of profit and loss comprises the sum of deferred tax and current tax not recognized in Other Comprehensive Income (OCI) or directly in equity.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax relating to items is recognized outside statement of profit and loss (i.e. in OCI or equity depending upon the treatment of underlying item).

Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside statement of profit and loss (in OCI or equity depending upon the treatment of underlying item).

Minimum Alternate Tax (`MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each financial statement of assets and liabilities date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income-tax during the specified period.

l) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders (after deducting attributable taxes) by the number of equity shares outstanding during the financial year. The number of equity shares outstanding during the financial year is adjusted for events including a bonus issue.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

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

m) Lease

Finance leases as a lessee

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

n) Operating 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. Payments made under operating leases are charged to standalone statement of profit or loss on a straight-line basis over the period of the lease, unless the increase in rent is to compensate the lessor for the effects of inflation.

o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the Chief Operating Decision Maker. The Company operates in a single operating segment and geographical segment. The board of directors is collectively the company's 'Chief Operating Decision maker' or 'CODM' within the meaning of -Ind AS 108.

p) Significant accounting judgements, estimates and assumptions

When preparing the financial information management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Significant judgements:

(i) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. The recognition of deferred tax assets and reversal thereof is also dependent upon management decision relating to timing of availment of tax holiday benefits available under the Income Tax Act, 1961 which in turn is based on estimates of future taxable profits.

(ii) Contingent liabilities

The Company is the subject of certain legal proceedings which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(iii) Defined benefit obligation (DBO)

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

(iv) Allowance for doubtful debts

The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

(v) 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

Sources of estimation uncertainty:

(i) Provisions

At each standalone statement of assets and liabilities date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from management's estimates.

(ii) Recoverability of advances/receivables

At each standalone statement of assets and liabilities date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

q) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree if any. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed if any are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

r) Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are recognized at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

s) Investments and other financial assets

a. Classification

The Company classifies its financial assets in the following measurement categories:

i. those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and

ii. those measured at amortised cost.

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

b. Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

t) Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

i. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

ii. Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value through statement of Profit and Loss. Interest income from these financial assets is included in other income.

u) short-term obligations

Liabilities for wages and salaries, including non- monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end

Notes to Standalone Financial Statements

for the year ended 31 March 2019

of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

v) other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

a. Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans

(b) such as gratuity and pension; and

(c) defined contribution plans such as provident fund etc.

b. Pension and gratuity obligations

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

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 obligation.

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

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

c. Defined Contribution Plans

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a Trust administered by the Company. The interest payable by the Trust is notified by the Government. The Company has an obligation to make good the shortfall, if any.

d. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3. Recent accounting pronouncement

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the standalone financial information and the impact is not material.

Ind AS 115- Revenue from Contract with Customers

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
- The Company is not expected to have any impact of this pronouncement on its standalone financial information.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 4: Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended 31 March 2019 and 31 March 2018 and as at 1st April 2017

(Rs. in Lakhs)

Description	Freehold Land	Leasehold Land	Factory buildings	Plant & Machineries	M.S. Structure & FRP Grattings	Quality Control Instruments	R & D Equipments	Effulent Treatment Equipments	Safety Equipments	Office Equipments	I.T Equipments	Motor Car	Furniture & Fixtures	Total
Gross carrying value (at deemed cost)														
Balance as at 1 April 2017 *	2,805.81	320.14	574.31	1,228.38	402.16	110.57	64.55	61.98	23.09	17.00	42.10	1.22	6.91	5,658.23
Additions	-	469.20	99.41	602.79	28.63	1.81	5.40	3.04	0.07	5.66	8.06	-	2.04	1,226.11
Deletions / discarded / adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	**2,805.81**	**789.34**	**673.72**	**1,831.17**	**430.79**	**112.38**	**69.95**	**65.02**	**23.16**	**22.66**	**50.15**	**1.22**	**8.95**	**6,884.33**
Additions	-	118.02	177.43	1,049.63	41.24	156.96	54.83	0.30	2.67	36.29	53.21	72.27	90.69	1,853.55
Deletions / discarded / adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	**2,805.81**	**907.36**	**851.15**	**2,880.81**	**472.03**	**269.34**	**124.78**	**65.32**	**25.83**	**58.95**	**103.36**	**73.49**	**99.64**	**8,737.88**
Accumulated depreciation														
As at 1 April 2017*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	9.27	27.71	71.44	30.68	12.98	7.43	5.13	2.63	3.03	12.40	0.55	1.16	184.41
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	**-**	**9.27**	**27.71**	**71.44**	**30.68**	**12.98**	**7.43**	**5.13**	**2.63**	**3.03**	**12.40**	**0.55**	**1.16**	**184.41**
Charge for the year	-	14.60	33.95	125.68	32.83	19.71	10.90	5.26	2.69	6.11	21.26	2.14	7.14	282.27
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	**-**	**23.87**	**61.66**	**197.12**	**63.51**	**32.69**	**18.33**	**10.39**	**5.33**	**9.14**	**33.66**	**2.68**	**8.30**	**466.69**
Net carrying amount														
As at 1 April 2017	**2,805.81**	**320.14**	**574.31**	**1,228.38**	**402.16**	**110.57**	**64.55**	**61.98**	**23.09**	**17.00**	**42.10**	**1.22**	**6.91**	**5,658.23**
As at 31 March 2018	**2,805.81**	**780.07**	**646.01**	**1,759.73**	**400.11**	**99.40**	**62.52**	**59.90**	**20.53**	**19.63**	**37.75**	**0.67**	**7.79**	**6,699.92**
As at 31 March 2019	**2,805.81**	**883.49**	**789.49**	**2,683.69**	**408.52**	**236.65**	**106.45**	**54.93**	**20.50**	**49.81**	**69.70**	**70.81**	**91.35**	**8,271.19**

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

*Refer note below for the gross block value and the accumulated depreciation on 1 April 2017 under the previous GAAP.

(Rs. in Lakhs)

Description	Freehold Land	Leasehold Land	Factory buildings	Plant & Machineries	M.S. Structure & FRP Grattings	Quality Control Instruments	R & D Equipments	Effulent Treatment Equipments	Safety Equipments	Office Equipments	I.T Equipments	Motor Car	Furniture & Fixtures	Total
Gross Block	1,709.98	15.67	767.11	1,732.73	643.64	109.42	75.64	52.19	31.59	40.26	96.89	13.44	54.45	5,343.00
Accumulated Depreciation	-	-	80.17	351.11	236.84	34.86	15.44	7.03	4.03	15.67	53.90	12.22	8.23	819.49
Net Block	1,709.98	15.67	686.94	1,381.62	406.80	74.56	60.20	45.16	27.56	24.59	43.00	1.22	46.21	4,523.51

Details of mortgage:

The secured obligations i.e. Loan Facility together with all other amounts payable shall be secured by:

1. First charge mortgage and charge on all immovable properties including Leasehold Land, both present and future pertaining the project. These covers:
   - Land situated at Karakhadi of Padra Taluka, district Vadodara, Gujarat
   - Land situated at Mahape at Navi Mumbai district, Maharashtra
   - Personal Guarantee of Directors
2. First charge by way of hypothecation of Plant and Machineries

Depreciation and Amortization charged during the year to the Statement of profit and loss on fixed assets: (Rs. in Lakhs)

Particulars	31 March 2019	31 March 2018
Depreciation during the year	282.27	184.41
Amortization during the year - Computer Software	1.41	0.79
Total	**283.68**	**185.20**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 5: Capital Work in Progress

Following are the changes in the carrying value of Capital work in progress for the year ended March 31, 2019 and the year ended 31 March 2018 & as at 1 April 2017.

(Rs. in Lakhs)

Description	Balance as at 31 March 2019	Balance as at 31 March 2018	Balance as at 1 April 2017
Opening	137.89	125.94	68.67
Additions	38.53	131.91	63.39
Capitalised during the year	(137.89)	(119.96)	(6.11)
Closing	**38.53**	**137.89**	**125.95**

Note 6: Intangible Assets

Following are the changes in the carrying value of Intangible assets for the year ended March 31, 2019, 31st March 2018 and 1 April 2017

(Rs. in Lakhs)

Description	Balance as at 31 March 2019	Balance as at 31 March 2018	Balance as at 1 April 2017
Computer Software			
Opening	5.83	0.26	0.26
Additions	7.16	5.57	-
Deletions / discarded / adjustments	-	-	-
	12.99	**5.83**	**0.26**
Less: Accumulated Amortization			
Opening balance	0.78	-	-
Charge for the year	1.41	0.78	-
Deletions	-	-	-
	2.19	**0.78**	**-**
Net Carrying Amount	**10.80**	**5.05**	**0.26**

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

* Refer note below for the gross block value and the accumulated amortization on 1 April 2017 under the previous GAAP.

Description	Computer software
Gross Block	1.67
Accumulated amortization	(1.41)
Net Block	**0.26**

Note 7: Non-Current Financial Assets - Investments (Measured At Cost)

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in Partnership Firm - Dhara Fine Chem Industries	45.00	45.00	45.00
	45.00	**45.00**	**45.00**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 8 : Non-current other financial assets

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unsecured, considered good			
Security Deposits - Utilities	253.88	185.21	214.17
Other financial assets (non - current) - measured at Fair Value Through P & L			
Derivative Asset for Early Redemption Right for Fully Redeemeable Preference Shares	–	230.86	225.86
	253.88	**416.07**	**440.03**

*There are no loans & advances from Directors/Promoters/Issuer and their family

Note 9: Other Non-Current Assets

(Unsecured, considered good)

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	40.20	62.86	12.66
	40.20	**62.86**	**12.66**

Note 10: Inventories*

(at lower of cost and net realisable value)

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
- Raw materials	1,339.29	987.00	698.75
- Work in Progress	4,821.40	3,083.80	2,568.04
- Finished goods	933.34	774.84	582.58
- Stores & Spares	117.71	115.09	125.61
- Fuel	6.42	9.59	8.63
- Packing	19.66	28.95	17.66
	7,237.82	**4,999.27**	**4,001.27**

*Hypotheciated with Banks for Working Capital Limits

Note 11: Trade Receivables*

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
- Unsecured, considered good - Outstanding for more than Six months	113.59	50.45	71.03
Unsecured considered goods - Others			
For Export	1,430.13	1,644.48	1,331.52
For Domestic	4,522.19	2,441.38	1,813.51
	6,065.91	**4,136.31**	**3,216.06**

*Hypotheciated with Banks for Working Capital Limits

Notes to Standalone Financial Statements

for the year ended 31 March 2019

12 (a): Cash and Cash Equivalents

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance with banks :			
- in current account	94.59	20.82	45.68
	-	-	-
Cash in hand	22.05	10.91	12.02
	116.64	**31.73**	**57.70**

12 (b): Bank Balances Other Than Those Disclosed in Note 12 (a) Above

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
- in deposit accounts held as margin money against Bank Guarantee & Letter of credit	85.51	149.97	249.95
- in deposit accounts with original maturity of more than three months but within twelve months	-	-	-
	-	**149.97**	**-**

Note 13: Other Current Financial Assets

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Loan to Related Parties - Partnership firm Dhara Fine Chem Industries (Joint Venture)*	38.40	15.00	42.97
*Refer Note 37 - Related Party Disclosures			
Other			
(Measured at Amortised Cost)			
Loans and Advances to employees	15.73	9.78	13.73
Excess payment of EMI Recoverable/ Recoverable from Financial Institutions	-	6.35	4.58
Receivables from Dhara Fine Chem Industries	22.45	6.58	7.42
(Asset measured at Fair Value through Profit or loss)			
Derivative Asset for Forwards Contracts	-	0.21	-
	76.58	**37.92**	**68.70**

Note 14: Other Current Assets

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advances to Trade Creditores	128.43	32.16	44.68
Balances with Government Authorities :	2,057.49	1,254.37	1,288.08
Preliminary Pre-Operative Expenses	175.24	-	-
Prepaid expenses	65.26	48.95	55.72
	2,426.42	**1,335.48**	**1,388.48**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 15: Equity Share Capital

(Amount Rs. in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised						
Equity Shares of Rs. 10/- each	25,000,000	2,500.00	25,000,000	2,500.00	25,000,000	2,500.00
Optionally Convertible Preference Shares of Rs. 100/- each	500,000	500.00	500,000	500.00	500,000	500.00
Fully Reedemable Cummulative Preference Shares of Rs. 100/- each	2,000,000	2,000.00	2,000,000	2,000.00	2,000,000	2,000.00
Total		**5,000.00**		**5,000.00**	-	**5,000.00**
Issued, Subscribed and Fully Paid up					-	-
Equity Shares of Rs.10/- each fully paid-up	20,078,793	2,007.88	20,000,000	2,000.00	20,000,000	2,000.00
Fully Reedemable Cummulative Preference Shares of Rs. 100/-each**						
		2,007.88		**2,000.00**		**2,000.00**

** On transition to Ind AS, as per Ind AS 109 the same has been considered under Long term borrowings

Note 15.1: The reconciliation of the number of shares outstanding is set out below:

(Amount Rs. in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April, 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year						
Equity Shares outstanding at the beginning of the year	20,000,000	2,000.00	20,000,000	2,000.00	20,000,000	2,000.00
Add: Issued during the year	-	-				
Bonus Equity Shares alloted during the year	-	-	-	-	-	-
Conversion of OCPS to Equity	78,793	7.88	-	-	-	-
Equity shares/Preference shares alloted	-	-	-	-	-	-
Less: Reclassified as Debt Component						
Optionally Convertible Preference Shares	-		-	-	-	-
Fully Reedemable Cummulative Preference Shares	-		-	-	-	-
At the end of the year						
Equity Shares outstanding at the end of the year	20,078,793	2,007.88	20,000,000	2,000.00	20,000,000	2,000.00
Fully Reedemable Cummulative Preference Shares**						

** On transition to Ind AS, as per Ind AS 109 the same has been considered under Long term borrowings

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 15.2: (a) Rights, Preferences & Restrictions of each class of shares

1. The Company has only one class of equity shares which enjoys the same rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(b) Particulars of shares issued/allotted as fully paid-up by way of consideration other than cash

The Company has allotted 20,00,000 and 1,55,00,000 bonus equity shares in financial year 2012-13 and 2015-16 respectively. The Company has allotted bonus equity shares in the proportion of 4 equity shares for every 5 equity shares held (FY 2012-13) and 62 fully paid equity shares for every 18 equity shares held (FY 2015-16). The face value of bonus shares of Rs. 200.00 Lakhs and Rs. 1,550.00 Lakhs allotted out of reserves and surplus.

(c) Particulars 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.

(d) Particulars of calls unpaid

There is no calls unpaid, thus such disclosure is not applicable.

(e) Subdivision of Shares

There is no subdivision of shares during this period, thus such disclosure is not applicable.

(f) Shares Forfeited

There is no forfeiture of shares, thus such disclosure is not applicable.

Note 15.3:Details of Equity Shares held by each equity shareholder holding more than 5% shares:

Class of Shares / Name of Shareholder	As at 31st March, 2019		As at 31st March, 2018		As at 1 April, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with Voting Rights						
Mr. Haridas T. Kanani	1,39,99,680	69.72%	1,39,99,680	70.00%	1,39,99,680	70.00%
Mrs. Beena H Kanani	22,26,711	11.09%	25,67,000	12.84%	29,74,000	14.87%
Dr. Harin Kanani	20,00,000	9.96%	20,00,000	10.00%	20,00,000	10.00%
Ms. Pallika H Kanani	10,00,000	4.98%	10,00,000	5.00%	10,00,000	5.00%

Note 15.4 : Details of Optionally Convertible Preference Shares held by each preference shareholder holding more than 5% without voting rights (Classified as Debt Component under Ind AS)

Class of Shares / Name of Shareholder	As at 31st March, 2019		As at 31st March, 2018		As at 1 April, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Preference shares without Voting Rights						
Anju Bajaj	-	0.00%	10,000	7.69%	10,000	7.69%
Beena H Kanani	-	0.00%	10,000	7.69%	10,000	7.69%
Chandrakant Reshamwala	-	0.00%	10,000	7.69%	10,000	7.69%
Delphine Fernandes	-	0.00%	10,000	7.69%	10,000	7.69%
Dhruv Hitesh Reshamwala	-	0.00%	10,000	7.69%	10,000	7.69%

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Class of Shares / Name of Shareholder	As at 31st March, 2019		As at 31st March, 2018		As at 1 April, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
H.M. Mehta HUF	-	0.00%	10,000	7.69%	10,000	7.69%
Kalpana Mehta	-	0.00%	10,000	7.69%	10,000	7.69%
K.J. Ghadiali& Jimmy Ghadiali	-	0.00%	10,000	7.69%	10,000	7.69%
Nayana C. Reshamwala	-	0.00%	10,000	7.69%	10,000	7.69%
Pinank R. Paleja	-	0.00%	10,000	7.69%	10,000	7.69%
Pragna J Thacker & Jawahar Thacker	-	0.00%	10,000	7.69%	10,000	7.69%
Rajendra V Paleja	-	0.00%	10,000	7.69%	10,000	7.69%
Sanjay Mehta HUF	-	0.00%	10,000	7.69%	10,000	7.69%
Total	**-**	**0.00%**	**1,30,000**	**100.00%**	**1,30,000**	**100.00%**

Note 15.5 : The Company has allotted 10% Cumulative Optionally Convertible Preference Shares having a par value of Rs. 100 per share redeemable/convertible into equity shares after expiry of 12 years from the date of allotment. These shareholders are not eligible to vote.

Note 15.6: Details of Fully Redeemable Cumulative Preference Shares held by each preference shareholder holding more than 5% without voting rights (Classified as Debt Component in Ind AS)

No single holder was holding more than 5% shares as on 31st March 2019, 31st March 2018 & 1st April 2017.

The Company has allotted 10% Cumulative Non-Convertible Fully Redeemable Preference shares having a par value of Rs. 100 per share redeemable after expiry of 12 years from the date of allotment. These shareholders are not eligible to vote. Company have option to redeem the preference shares within 1 year from the date of allotment.

Note 16: Other Equity

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
General Reserve	124.62	89.95	89.95
Retained Earnings (including other comprehensive income)	3,823.21	2,063.41	1,322.42
Capital Redemption Reserve-FRCPS	225.00	150.00	75.00
Capital Redemption Reserve-OCPS	-	34.67	21.67
Securities Premium	144.87	-	-
Capital Reserve on Business Combination (refer note 44)	720.38	720.38	720.38
Total	**5,038.08**	**3,058.41**	**2,229.42**

(Rs. in Lakhs)

General Reserve	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening balance	89.95	89.95	89.95
Add: Additional during the year	34.67	-	-
Less: Bonus Shares alloted out of General reserves	-	-	-
Closing balance	**124.62**	**89.95**	**89.95**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(Rs. in Lakhs)

Statement of P&L	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening balance	2,063.41	1,322.42	1,322.42
Add: Profit/(loss) for the year	2,103.67	1,069.05	
Other comprehensive income /(loss) (net of taxes)	10.20	3.51	
Less:			
Transferred to CRR-FRCPS	75.00	75.00	
Transferered to CRR- OCPS	-	13.00	
Dividend on Equity Shares	200.00	200.00	
Tax on Interim/Proposed dividend paid during the year	41.23	43.57	
Others	37.83	-	
Closing balance	**3,823.21**	**2,063.41**	**1,322.42**

(Rs. in Lakhs)

Capital Redemption Reserve-FRCPS	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening balance	150.00	75.00	75.00
Add: Transferred from Profit/(loss) for the year	75.00	75.00	
Closing balance	**225.00**	**150.00**	**75.00**

(Rs. in Lakhs)

Capital Redemption Reserve-OCPS	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening balance	34.67	21.67	21.67
Add: Transferred from Profit/(loss) for the year	-	13.00	-
Less: Transferred to General Reserve	(34.67)	-	-
Closing balance	**-**	**34.67**	**21.67**

(Rs. in Lakhs)

Securities Premium	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening balance	-	-	-
Add: during the year	144.87	-	-
Closing balance	**144.87**	**-**	**-**

Nature and Purposes of other Reserves:

Nature	Purpose
General Reserve	This represents accumulated free reserves of the company
Statement of P&L [Surplus/(Deficit)]	All the profit or losses made by the company are transferred to statement of P & L from Standalone statement of profit & losses
Capital Redemption Reserve-FRCPS	This reserve represents provision made out of current year profit for the purpose of redemption of fully redeemable preference shares
Capital Redemption Reserve-OCPS	This reserve represents provision made out of current year profit for the purpose of redemption of optionally convertible preference shares
Capital Reserve on Business Combination	This represents the capital reserve on account of business combination purchase of unit of Solaris Chemtech industries ltd.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 17: Borrowings

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Secured (at amortised cost)			
Term loans from Banks and Financial Institutions	3,774.67	2,284.44	2,183.94
Unsecured	-	-	-
- From Banks	-	-	-
- Deposits from Related Parties	-	-	-
- Deposits from Inter Corporate companies	110.00	110.00	110.00
- Debt component for Fully Redeemable Preference Shares	1,174.73	1,339.39	1,267.33
- Debt component for Optionally Convertible Preference Shares	-	115.65	114.77
Total	**5,059.40**	**3,849.48**	**3,676.04**

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk.

Note 18: Other Non-Current Financial Liabilities

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Retention Money (measured at amortised cost)	200.00	200.00	200.00
Measured at Fair Value through profit and loss	-	-	-
Derivative Liability for Options for Optionally Convertible Preference Shares	-	17.40	17.30
Total	**200.00**	**217.40**	**217.30**

Note 19: Long-Term Provisions

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits (Refer Note 38)			
Gratuity	105.84	104.73	79.82
Compensated Absences	96.43	67.76	38.40
Total	**202.27**	**172.49**	**118.22**

Note 20: Deferred tax Liabilities (Net)*

(Rs. in Lakhs)

Particulars	As on 31 March 2019	As on 31 March 2018	As on 01 April 2017
Tax effect of items constituting deferred tax asset/(liabilities):			
Provision for employee benefits:	(79.89)	(84.50)	(51.08)
Provision for Derivative Valuation	-	79.97	64.48
Long term borrowing	(36.68)	(81.90)	(55.02)
Property, Plant & Equipment	604.45	489.68	404.63
Others	-	(0.30)	2.02
Total	**487.88**	**402.95**	**365.03**

* Inclusive of Other Comprehensive Income Tax

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 21: Current Financial Liabilities - Borrowings

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Secured (at amortised cost)			
- Loans repayable on demand -Banks	5,910.74	3,619.46	2,114.18
- Cash credit facilities	605.83	502.86	900.73
Total	**6,516.57**	**4,122.32**	**3,014.91**

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk.

Note 22: Trade Payables

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Micro, Small and Medium Enterprises*	22.95	-	-
Others	4,258.91	3,667.24	3,098.03
Total	**4,281.86**	**3,667.24**	**3,098.03**

***** The Company has compiled list of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 on the basis of confirmation received from parties. Based on current information/confirmations available with the company, there are no overdues payable to suppliers who are registered under the relevant Act as at 31st March, 2017, 31st March, 2018 & 31st March, 2019.

Note 23: Current - Other Financial Liabilities

(measured at Amortised Cost)

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current maturities of long-term debt - Secured*	422.67	249.59	213.82
Other payable - Outstanding Expenses/Other Liabilities	-	-	-
Others payables	92.26	41.79	62.31
Salary payable	65.09	51.04	45.90
Other Deposits	1.00	1.38	1.38
Measured at Fair Value through profit and loss			
Derivative Liability for Forwards Contracts	2.88	-	39.54
Total	**583.90**	**343.80**	**362.95**

*Refer Note 39 for Company's exposure to liquidity risk and interest rate risk.

Note 24: Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues payables (includes TDS, PF, WCT, Others)	47.57	7.30	68.50
Provision for taxation (net of advance tax)	133.01	145.80	85.90
Total	**180.58**	**153.10**	**154.40**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 25: Short-Term Provisions

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Gratuity	66.07	47.35	25.04
Compensated Absences	43.99	22.93	2.95
Total	**110.06**	**70.28**	**27.99**

Note 26: Revenue from Operations

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Sale of products Comprises Manufactured goods of Chemicals		
Sales	24,079.80	17,652.32
Less: GST Recovered	1,648.75	1,891.20
Net Sales (excluding GST)	**22,431.05**	**15,761.12**
Other Operating Revenue	1,474.77	640.09
Total Net Revenue	**23,905.82**	**16,401.21**

Note 27: Other Income

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Interest from banks on Fixed Deposits	9.72	17.98
Interest on loan to parnership firm	9.97	-
Interest income-others	0.61	8.21
Other Non Operating Income:		
Other Income	18.57	-
Share of Profit from Partnership firm	9.67	9.50
Fair Value Gain on Derivative Contract (Preference Shares)	21.42	5.00
Fair Value Gain on Derivative Forwards	-	39.76
Total	**69.96**	**80.45**

Note 28: Cost of Materials Consumed

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Opening stock	987.00	698.75
Purchases	16,317.57	10,544.16
	17,304.57	**11,242.91**
Less: Closing stock	1,339.29	987.00
Cost of raw material consumed	**15,965.28**	**10,255.91**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 29: Changes in Inventories of Finished Goods and Work in Progress

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Opening Stock :		
Finished Goods	774.84	517.85
Work-in-Process	3,083.79	2,568.04
Less:		
Closing Stock:		
Finished Goods	933.34	774.84
Work-in-Process	4,821.40	3,083.79
Changes In Inventories:		
Finished goods	(158.50)	(256.98)
Work-in-Process	(1,737.61)	(515.75)
Changes in inventories of finished goods and work in progress	**(1,896.11)**	**(772.73)**

Note 30: Employee Benefits Expense

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Salaries, wages and bonus	894.93	706.69
Contribution to provident and other funds (refer note 38)	165.75	123.59
Staff welfare	54.75	39.77
Total	**1,115.43**	**870.05**

Note 31: Finance Costs

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Interest expenses on borrowings	924.72	770.59
Other finance cost and bank charges	69.02	56.27
Interest cost on FRCPS and OCPS	200.04	214.80
Total	**1,193.78**	**1,041.66**

Note 32: Other Expenses

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
PRODUCTION EXPENSES		
Conversion Charges	366.33	142.84
Contract Labour charges	319.79	245.83
Fuel & Power	763.99	620.86
Quality Control Expenses	160.57	140.10
Research and Development Expenses	140.14	89.06
Consumption of Packing Materials	293.00	187.35
Other Production Expenses	975.18	715.37

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
MARKETING EXPENSES		
Exhibition Expenses	259.35	182.49
Other Marketing Expenses	50.11	19.61
SELLING & DISTRIBUTION EXPENSES		
Clearing Charges	64.06	60.79
Sea & Air Freight (Export) Expenses	328.52	150.26
Other Selling & Distribution Expenses	92.14	25.87
ADMINISTRATIVE EXPENSES		
Professional Fees	268.03	93.44
Miscellaneous Expenses	11.18	34.32
Other Admin Expenses	218.25	134.81
CSR Expense	27.25	19.75
Transaction cost pertaining to FRCPS Derivative	21.42	-
Fair Value Loss pertaining to OCPS Derivative	20.01	0.10
Total	**4,379.32**	**2,862.85**

Payment to auditors(excluding applicable taxes) (included in professional fees)

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Audit Fees	5.00	4.00
Tax Audit Fees	1.00	0.50
Other Fees	-	0.64
Total Other Comprehensive Income	**6.00**	**5.14**

Note 33: Other Comprehensive Income

(Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Items that will not be reclassified to profit or loss		
(i) Remeasurements of the defined benefit plans (net of tax)	14.39	5.36
(ii) Income tax relating to items that will be reclassified to profit or loss	(4.19)	(1.85)
Total Other Comprehensive Income	**10.20**	**3.51**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 34: Earnings Per Share

Particulars	As at 31 March 2019	As at 31 March 2018
a) Profit attributable to equity shareholders	2,103.67	1,069.05
b) Number of equity shares for calculation of basic and diluted earnings per share (Nos.)	20,078,793	20,000,000
c) Nominal value per share (INR)	10	10
d) Earnings per share (face value of INR 10)		
Basic (INR)	10.48	5.35
Diluted (INR)	10.48	5.35

*Profit figures are Rs. in Lakhs

Note 35: Contingent Liabilities and Commitments

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
(I) Contingent Liabilities		
(a) Contingent liability for Letters of Credit issued by the Bank and Bank Guarantee for Excise,Customs etc.		
(i) Letter of Credit / Bank Guarantee	74.69	140.37
(ii) LC's Bill Discounted / Cheques Purchased	743.32	291.25
(b) Contingent Liability towards NMMC Cess/LBT	16.01	16.01
Total	**834.02**	**447.63**
(II) Capital Commitments	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	83.07	122.82

Note 36: Operating lease

The Company has taken office premises, factory land under operating lease. These are generally cancellable and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free deposits in accordance with the agreed terms.

The following rent expenses recognized:

(Rs. in Lakhs)

Year Ended	31 March 2019	31 March 2018
Rent	264.10	155.74

Note 37: Related Party Transaction

(A) Relationships:

In accordance with the requirements of Indian Accounting Standard (Ind AS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

(a) Where Joint Control exists:

Dhara Fine Chem Industries Chem Industries (Partnership Firm in which Company is holding 90% Share)

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(b) Key Managerial Personnel:

Particulars	31 March 2019	31 March 2018
Haridas Kanani	Haridas Kanani	Haridas Kanani
Dr. Harin Kanani	Dr. Harin Kanani	Dr. Harin Kanani
Shyamsundar Upadhyay	Shyamsundar Upadhyay	Shyamsundar Upadhyay
Sanjay Mehta	Sanjay Mehta	Sanjay Mehta
Anurag Surana	Anurag Surana	Anurag Surana
Hitesh Reshamwala	Hitesh Reshamwala	Hitesh Reshamwala
Dr. Ranjan Kumar Malik	Dr. Ranjan Kumar Malik	-
Avi Sabawala	Avi Sabawala	-

(c) Relatives of key management personnel and their enterprises, where transactions have taken place.

Particulars	31 March 2019	31 March 2018
Akkad Mehta & Co.	-	Akkad Mehta & Co.
Kagashin Global Network (P) Ltd.	Kagashin Global Network (P) Ltd.	Kagashin Global Network (P) Ltd.

(d) Other Related Parties:

Nil

(B) Transactions with related parties

(Rs. in Lakhs)

Particulars	Transaction during the year/period ended	
	31 March 2019	31 March 2018
Income		
Share of Profit - Dhara Fine Chem Industries	9.68	3.21
Interest Received - Dhara Fine Chem Industries	.	11.45
Expenses		
Job work charges - Dhara Fine Chem Industries	93.76	70.30
Purchase - Dhara Fine Chem Industries	4.20	108.63
Professional Fees		
Akkad Mehta & Co		5.90
Kagashin Global Network (P) Ltd	42.00	23.5
Sitting Fees		
Sanjay Mehta	0.60	-
Hitesh Reshamwala	1.20	-
Dr. Ranjan Kumar Malik	1.00	-
Avi Sabawala	0.50	-
Salary		
Haridas Thakarshi Kanani	45.87	26.50
Dr. Harin Kanani	41.27	29.70
Shyamsundar R Upadhyay	39.55	34.20
Lease Rent		
Haridas Thakarshi Kanani	9.00	9.00
Dr. Harin Kanani	-	4.80
Loan		
Dhara Fine Chem Industries, Partnership Firm	38.40	28.00

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 38: Employee benefit expenses

(i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Statutory Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions.

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018
The Company has recognized the following amounts in the Statement of Profit and Loss for the year:		
Employers' Contribution to Provident Fund	60.82	45.35
Employers' Contribution to Employees' Pension Scheme, 1995	22.11	18.79
Total	**82.93**	**64.14**

(ii) Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Gratuity Plan:

(a) Asset/(Liability) recognized in Standalone statement of assets and liabilities

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Present value of obligation at end of the year	(270.83)	(230.53)	(184.71)
Fair value of Plan Assets	61.93	78.45	79.84
Net assets/(liability) recognized in Standalone statement of assets and liabilities as provision	**(208.90)**	**(152.08)**	**(104.87)**

(b) Amount recognized in the Standalone statement of profit and loss is as under:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Current Service Cost	16.39	12.79	6.24
Net Interest Cost	11.76	7.62	2.99
Past Service Cost	-	32.17	-
Expense Recognized in the Income Statement	**28.15**	**52.58**	**9.23**

(c) Amount recognized in other comprehensive income as under:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Actuarial (Gain)/Loss for the year on defined benefit obligation	27.71	5.81	72.15
Actuarial (Gain)/Loss for the year on plan assets	2.48	(11.18)	(0.29)
Net (Income)/Expense Recognized in the Income Statement	30.19	(5.37)	71.86

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(d) Movement in liability recognized in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Present Value of defined benefit obligation as at the start of the year	230.53	184.71	105.80
Current Service Cost	16.39	12.79	6.24
Interest Cost	11.76	13.43	8.45
Actuarial loss/(gain) recognized during the year	27.71	5.81	72.15
Benefits paid	(21.62)	(18.38)	(7.93)
Past Service Cost including curtailment Gain/Losses	-	32.17	-
Present Value of defined benefit obligation as at the end of the year	**264.77**	**230.53**	**184.71**

(e) Movement in plan assets recognized in the Standalone statement of assets and liabilities as under:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Fair Value of plan assets at beginning of year	78.45	79.84	68.37
Interest Income	6.06	5.80	5.46
Expected return on plan assets - %	7.79%	7.73%	7.27%
Employer's Contribution	1.52	0.00	13.65
Benefits Paid	(21.62)	(18.38)	(7.93)
Actuarial (Gain)/Loss on plan asset	(2.48)	11.18	(0.29)
Fair Value of plan assets at end of year	61.93	78.45	79.27
Actual Return on Plan assets, Excluding Interest Income	**(2.48)**	**11.18**	**(0.29)**

(f) Breakup of Actuarial (Gain)/Loss on Defined Benefit Obligation:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Actuarial (Gain)/Loss on arising from change in demographic assumption	-	-	-
Actuarial (Gain)/Loss on arising from change in financial assumption	(1.15)	(7.52)	9.34
Actuarial (Gain)/Loss on arising from change in experience adjustments	28.87	13.33	62.81
Total Actuarial (Gain)/Loss	**27.72**	**5.81**	**72.15**

(g) Actuarial Assumption:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Expected Return on Plan Assets	7.79%	7.73%	7.27%
Discount Rate	7.79%	7.73%	7.27%
Future Salary Increase	5.00%	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%	2.00%
Expected Average remaining working lives of employees (years)	15	14	13

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(h) Sensitivity analysis for gratuity liability:

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Impact of the change in discount rate			
Present value of obligation at the end of the year	264.77	230.53	184.71
- Impact due to increase of 1 %	(18.05)	(14.87)	(12.74)
- Impact due to decrease of 1 %	20.54	16.95	14.52
Impact of the change in Salary increase			
Present value of obligation at the end of the year	264.77	230.53	184.71
- Impact due to increase of 1 %	17.23	15.48	11.66
- Impact due to decrease of 1 %	(16.21)	(14.61)	(10.86)
Impact of the change in Employee Turnover			
Present value of obligation at the end of the year	264.77	230.53	184.71
- Impact due to increase of 1 %	4.63	3.76	3.14
- Impact due to decrease of 1 %	(5.16)	(4.19)	(3.47)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected 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.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(i) Maturity Profile of defined benefit obligation: (from the fund)

(Rs. in Lakhs)

Description	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Within next 12 months	28.65	39.32	18.99
Between 1-5 years	125.11	64.33	61.17
Beyond 5 years	414.23	353.96	279.66

(j) Category of Plan Assets:

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Insurance Fund	61.93	78.45	79.84
	[100%]	[100%]	[100%]
Total	**61.93**	**78.45**	**79.84**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(iii) Other long-term employee benefits

Compensated Absences:

Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the Balance sheet date using Projected Unit Credit method. During the year following is recognized as expense in statement of profit & loss a/c.

(Rs. in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Expense/(Income) to be recognized in Profit & Loss A/c	(13.33)	49.35	17.28
Total	**(13.33)**	**49.35**	**17.28**

Note 39: Financial Risk Management Framework

A) Capital Management

For the purpose of the entity's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the entity's capital management is to maximise the shareholder value. The entity manages its capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep an optimum gearing ratio.

B) 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:

i) Market Risk

Market Risks arise due to Changes in Interest rates, Foreign Exchange rates and changes in Market prices. These are explained below:

Interest Rate Risks

The Company borrows funds in Indian Rupees, to meet short term and long term funding requirements. Interest on Short term and long term borrowings is subject to floating interest rate and are repriced regularly and hence the Company is exposed to Interest rate risks. However, since the borrowings are not significant, the Company does not see any major risk.

If the interest rates had been 1% higher / lower and all other variables held constant, impact on the Company's profit for the year ended 31st March, 2019 will not be significant.

Foreign Currency Risks

The entity has international transaction and is expected to foreign currency risk arising from foreign currency transaction (Exports & Imports)

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency.

The company as per its overall strategy uses forward contracts and swap to mitigate its risks associated with fluctuations in foreign currency and such contracts are not designated as hedge under Ind AS 109.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

a) Exposure in foreign currency - Unhedged

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.

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise on balance sheet date is as under:

(Amount in Lakhs)

Particulars	Nature of Foreign currency	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		Amt in foreign currency	Amt INR	Amt in foreign currency	Amt in INR	Amt in foreign currency	Amt in INR
Assets	USD	-	-	-	-	3.74	243.24
	EURO	-	-	-	-	-	-
Liabilities	USD	-	-	-	-	-	-

(Rs. in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Effect on profit before tax	Effect on pre-tax equity	Effect on profit before tax	Effect on pre-tax equity	Effect on profit before tax	Effect on pre-tax equity
Change in USD rate (+0.5%)	-	-	-	-	1. 20	1.20
Change in USD rate (+0.5%)	-	-	-	-	(1.20)	(1.20)
Change in Euro rate (+0.5%)	-	-	-	-	-	-
Change in Euro rate (+0.5%)	-	-	-	-	-	-

Price Risks

The Company does not have much exposure to price risk due to annual contracts and pass through mechanism for imports

ii) Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the entity.

The entity's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortized cost.

The entity continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortized cost and deposits with banks and financial institutions.

None of the financial instruments of the Company result in material concentrations of credit risk. The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

iii) Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity's liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

Exposure to liquidity risk:

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

(Rs. in Lakhs)

Particulars	Balance as on 31 March, 2019	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term Borrowings	5,059.40	-	1,725.75	1,677.79	1,655.86
Short term borrowing*	6,939.24	6,939.24	---	---	--
Trade Payable	4,281.86	4,281.86	---	---	--
Statutory dues payable	47.57	47.57	---	---	--
Other Liabilities	49.96	49.96	---	---	--
Advance from customer	--	--	---	---	--

* Short term borrowing includes current maturity of long term borrowings Rs. 422.67 lakhs

Note 40: First Time Adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in Note no. 3 have been applied in preparing the financial statements for the year ended 31st March, 2019, the comparative information presented in these financial statements for the year ended 31st March, 2018 and in the preparation of an opening Ind AS balance sheet at 1st April, 2017 (the Company's date of transition).

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard Rules), 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Note 41: Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions in the transition from previous GAAP to Ind AS.

Ind AS optional exemptions

a) Deemed Cost

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. The exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets'.

b) Exchange differences on long-term foreign currency monetary items

Under previous GAAP, exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets were allowed to be adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases were allowed to be accumulated in a 'Foreign Currency Monetary item Translation Difference Account' (to be adjusted over the balance period of the related long term monetary asset/ liability).

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Ind AS 101 includes an optional exemption that allows a first time adopter to continue with the above accounting policy in respect of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of first Ind AS financial reporting period i.e. 1st April, 2017 or to discontinue with such policy.

Ind AS mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st April, 2017 are consistent with the estimates as at the same date made inconformity with previous GAAP.

The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

- Investments in equity instruments carried at FVPL and OCI
- Impairment of financial assets based on expected credit loss model

b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Note 42: Reconciliation of equity as at date of transition i.e. 1st April, 2017 and 31st March, 2018

(Rs. in Lakhs)

Particulars	As at 31st March'2018			As at 1St April'2017		
	As per Previous GAAP	Adjustment on transition to Ind AS	As per Ind AS	As per Previous GAAP	Adjustment on transition to Ind AS	As per Ind As
ASSETS						
A) Non-current assets						
Property, plant and equipment	5,847.68	852.24	6,699.92	4,523.51	1,134.72	5,658.23
Capital work-in-progress	137.89	0.00	137.89	31.26	94.69	125.95
Investment Property	0.00	0.00	0.00	0.00	0.00	0.00
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Intangible assets	4.40	0.65	5.05	0.26	0.00	0.26
Intangible assets under development	0.00	0.00	0.00	0.00	0.00	0.00
Financial Assets						
- Investments	51.59	(6.59)	45.00	52.42	(7.42)	45.00
- Loans	200.21	(15.00)	185.21	257.14	(42.97)	214.17
- Trade Receivables	0.00	0.00	0.00	0.00	0.00	0.00
- Others (to be specified)	0.00	230.86	230.86	94.69	131.17	225.86
Deferred tax assets (Net)	0.00	0.00	0.00	0.00	0.00	0.00
Other Non – current assets	62.86	0.00	62.86	331.05	(318.39)	12.66
Total Non Current Assets (A)	**6,304.63**	**1,062.16**	**7,366.79**	**5,290.33**	**991.80**	**6,282.13**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

(Rs. in Lakhs)

Particulars	As at 31st March'2018			As at 1St April'2017		
	As per Previous GAAP	Adjustment on transition to Ind AS	As per Ind AS	As per Previous GAAP	Adjustment on transition to Ind AS	As per Ind As
B) Current assets						
Inventories	4,999.27	0.00	4,999.27	4,001.27	0.00	4,001.27
Financial assets						
- Investments	0.00	0.00	0.00	0.00	0.00	0.00
- Trade Receivables	4,136.31	0.00	4,136.31	3,216.06	0.00	3,216.06
- Cash and Cash Equivalents	31.73	0.00	31.73	57.70	0.00	57.70
- Bank Balances	149.97	0.00	149.97	249.95	0.00	249.95
- Others (to be specified)	16.14	21.78	37.92	18.31	50.39	68.70
Other current assets	1,335.48	0.00	1,335.48	1,388.48	0.00	1,388.48
Total current assets (B)	**10,668.88**	**21.80**	**10,690.68**	**8,931.77**	**50.39**	**8,982.16**
Total Assets (A + B)	**16,973.51**	**1,083.96**	**18,057.47**	**14,222.10**	**1,042.19**	**15,264.29**
EQUITY AND LIABILITIES						
A) Equity						
Equity Share Capital	2,000.00	0.00	2,000.00	2,000.00	0.00	2,000.00
Other equity	3,577.60	(519.19)	3,058.41	2,740.78	(511.36)	2,229.42
Total Equity (A)	**5,577.60**	**(519.19)**	**5,058.41**	**4,740.78**	**(511.36)**	**4,229.42**
Liabilities						
B) Non – current liabilities						
Financial liabilities						
- Borrowings	2,408.75	1,440.73	3,849.48	2,312.15	1,363.89	3,676.04
- Others	0.00	217.40	217.40	0.00	217.30	217.30
Provisions	373.88	(201.39)	172.49	364.99	(246.77)	118.22
Deferred tax liabilities (Net)	253.82	149.13	402.95	206.96	158.07	365.03
Total Non-current liabilities (B)	**3,036.45**	**1,605.87**	**4,642.32**	**2,884.10**	**1,492.49**	**4,376.59**
C) Current liabilities						
Financial liabilities						
- Borrowings	4,122.32	0.00	4,122.32	3,014.91	0.00	3,014.91
- Trade Payables	3,667.24	0.00	3,667.24	3,098.03	0.00	3,098.03
- Others	253.70	90.10	343.80	218.74	144.21	362.95
Other current Liabilities	49.08	104.02	153.10	130.82	23.58	154.40
Provisions	267.12	(196.84)	70.28	134.74	(106.75)	27.99
Total Current liabilities (C)	**8,359.46**	**(2.72)**	**8,356.74**	**6,597.24**	**61.05**	**6,658.28**
Total Liabilities (B + C)	**11,395.91**	**1,603.15**	**12,999.06**	**9,481.33**	**1,553.54**	**11,034.87**
Total Equity and Liabilities	**16,973.51**	**1,083.96**	**18,057.47**	**14,222.11**	**1,042.18**	**15,264.29**

The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 42.1: Reconciliation of total comprehensive income for the year ended 31st March, 2018

(Rs. in Lakhs)

Particulars	Figures for the reporting period 31st March' 2018		
	As per Previous GAAP	Adjustment on to transition to Ind AS	As per Ind AS
INCOME			
Revenue from Operations	16,294.11	107.10	16,401.21
Other Incomes	35.69	44.76	80.45
Total Income	**16,329.80**	**151.86**	**16,481.66**
EXPENSES			
Cost of Materials Consumed	10,255.91	0.00	10,255.91
Changes in Inventories of Finished Goods, Work-in-progress and Trading Goods	(772.73)	0.00	(772.73)
Excise Duty	285.91	0.00	285.91
Employee Benefits Expenses	844.35	25.70	870.05
Finance Costs	822.14	219.52	1,041.66
Depreciation / Impairment & Amortisation Expenses	221.76	(36.56)	185.20
Other Expenses	2,755.65	107.20	2,862.85
Total Expenses	**14,412.98**	**315.86**	**14,728.84**
Profit / (Loss) before exceptional items and tax	**1,916.81**	**(163.99)**	**1,752.82**
Exceptional Item	0.00	0.00	0.00
Profit / (Loss) before tax	**1,916.81**	**(163.99)**	**1,752.82**
Tax Expenses			
Current Tax	647.70	0.00	647.70
Deferred Tax	46.86	(10.80)	36.06
PROFIT / (LOSS) FOR THE YEAR	**1,222.25**	**(153.20)**	**1,069.05**
OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to Profit or Loss	0.00	5.36	5.36
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.00	(1.86)	(1.86)
(B) (i) Items that will be reclassified to Profit or Loss	0.00	0.00	0.00
(ii) Income tax relating to items that will be reclassified to profit or loss	0.00	0.00	0.00
Total Other Comprehensive Income	**0.00**	**3.51**	**3.51**
TOTA L COMPREHENSIVE INCOME FOR THE YEAR	**1,261.95**	**(189.39)**	**1,072.56**

Note 42.2: Reconciliation of total equity as at date of transition i.e. 1st April, 2017 and 31st March, 2018

(Rs. in Lakhs)

Particulars	As at 1st April, 2017	As at 31st March, 2018
Total equity (Shareholders fund) as per Previous GAAP	4,740.78	5,577.60
Adjustments		
Remeasurement and Restatement	(669.44)	(668.32)
Income Tax Effect	158.08	149.13
Total Adjustment	**(511.36)**	**(519.19)**
Total Equity as per Ind AS	**4,229.42**	**5,058.41**

Notes to Standalone Financial Statements

for the year ended 31 March 2019

Note 42.3: Reconciliation of total comprehensive income for the year ended 31st March, 2018

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2018
Profit after Tax as per Previous GAAP	1,261.95
Less : Adjustments	
Financial Assets and Liabilities accounted for at Fair Value	219.52
Remeasurment of Defined Employees Benefits Plan	25.70
Depreciation and Amortisation	(36.57)
Others	(15.76)
Total Adjustment	**192.89**
Profit after Tax as per Ind AS	**1,069.05**
Remeasurement of defined benefits plan	5.36
Deferred tax Adjustments - OCI (During the year)	(1.86)
Total Comprehensive Income as per Ind AS	**1,072.56**

Note 43: Working note for first time adoption to Ind AS

A) Proposed Dividend

Under previous IGAAP, dividend proposed by the Board of Directors after the reporting date but before the approval of financial statement were considered to be adjusting event as per AS 4 and accordingly recognised as liability at the reporting date (along with DDT).

As per Para 12 of the Ind AS 10 "Events after reporting period", if an entity declares dividends to holders of equity instruments (as defined in Ind AS 32, Financial Instruments: Presentation) after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period.

As per Para 13 of the Ind AS 10 "Events after reporting period", If dividends are declared after the reporting period but before the financial statements are approved for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with Ind AS 1, Presentation of Financial Statements.

From the above explanation dividend so proposed by the Board of Directors are considered to be non-adjusting event. Accordingly, provision for proposed dividend and DDT recognised under previous IGAAP has been reversed.

Subsequently, the Company has recorded and paid the dividend in the year ended 31st March, 2018.

B) Trade Receivables

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables is low.

C) Remeasurement of Defined Benefit Plans

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for 31st March, 2019 is reduced by 14.39 Lakhs and remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

Notes to Standalone Financial Statements

for the year ended 31 March 2019

F) Expenses Directly Attributable to Sales

Under previous GAAP, expenses directly attributable to sales were recognised as an expense. Under Ind AS 18, such expenses are presented under revenue from sale of goods.

Note 44: Business Combination

The Company has purchased business unit of Solaris Chemtech Industries Ltd. situated at Karakhadi of Padra Taluka, district Vadodara, Gujarat during the financial year 2016-17 through business transfer agreement dated 21st October 2016.

Total Purchase Consideration paid for acquiring unit is Rs. 3,315.88 Lakhs.

Fair Value of Assets & Liabilities is as follows:	INR in Lakhs
Non-Current Assets	
Land	2,635.64
Factory Buildings	425.25
Plant & Machineries	375.74
R & D Equipments	39.47
Quality Control Instruments	66.61
Safety Equipments	15.82
M.S. Structure& FRP Gratings	55.27
Effluent Treatment Equipments	37.50
Current Assets	
Trade receivables	606.12
Inventories	473.26
Other Short-Term Loan & Advances	327.99
Less: Net Liabilities	
Trade Payables	(236.44)
Other Current Liabilities	(21.35)
Long Term Provisions	(48.24)
Provisions for Obsolete Items	(535.47)
Net Assets Taken Over	**4,217.17**
Less: Purchase Consideration	**(3,315.88)**
Less: Deferred Tax Asset/(Liability)	**(180.91)**
Balance Amount of Capital Reserve	**720.38**

Note 45 : Operating Segment Disclosure

The company is in the business of Manufacturing of Speciality Chemicals and accordingly has one reportable business segment.

Note 46 :

(i) Rupees in Lakhs are rounded off nearest to two decimals and totals of notes, schedules may vary due to said rounding off.

(ii) Previous period figures have been regrouped/rearranged/recasted wherever necessary, to conform to current period presentation