Notes to the financial statements for the year ended 31st March, 2020

1. BASIS OF PREPRATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

1.1 COMPANY OVERVIEW:

The Supreme Industries Limited ("the Company") is public limited company incorporated and domiciled in India and has registered office at 612, Raheja Chambers, Nariman Point, Mumbai 400 021. It is incorporated under the Indian Companies Act, 1913 and its shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange in India.

The Company is one of the leading plastic products manufacturing company in India having 25 manufacturing facilities spread across the country, offering a wide and comprehensive range of plastic products in India. The company operates in various product categories viz. Plastic Piping System, Cross Laminated Films & Products, Protective Packaging Products, Industrial Moulded Components, Moulded Furniture, Storage & Material Handling Products, Performance Packaging Films and Composite LPG Cylinders.

The standalone financial statements are approved for issue by the Company's Board of Directors on May 22, 2020.

1.2 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements are prepared and presented on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities are measured at Fair value and derivative financial instruments (Refer accounting policy on financial instruments - Refer note 1.10 below)
- Defined Benefit and other Long-term Employee Benefits - Refer note 1.12 below

Rounding off

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.

1.3 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Current and non-current classification

All the 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 Schedule III to the Companies Act, 2013.

Areas involving critical estimates and Judgements are:

- Estimation of employee defined benefit obligations (Refer note no. 1.12 below)
- Estimation of current tax expenses (Refer note no. 1.15 below)
- Estimation of provisions and contingent liabilities (Refer note no. 1.17 below)

1.4 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Leasehold land is stated at historical cost less amounts written off proportionate to expired lease period.

Notes to the financial statements for the year ended 31st March, 2020

Intangible Assets

Intangible assets are held on the balance sheet at cost less accumulated amortisation and impairment losses. Intangible assets developed or acquired with finite useful life are amortized on straight line basis over the useful life as specified below:

- Computer Software and Licenses – 3 to 4 years
- Right to Use – 5 years

Capital Work-in-progress and Pre-operative Expenses during Construction Period

Capital Work-in-Progress includes expenditure during construction period incurred on projects under implementation treated as pre-operative expenses pending allocation to the assets. These expenses are apportioned to the respective fixed assets on their completion / commencement of commercial production.

Depreciation/amortisation:

Depreciation is provided on the straight-line method applying the useful lives as prescribed in part C of Schedule II to the Companies Act, 2013. The range of estimated useful lives of Property, Plant & Equipment's are as under:

Category	Useful Life
Buildings (including roads)	3- 60 Years
Plant & Equipment*	7- 25 Years
Moulds & Dies*	2- 6 Years
Furniture & Fixture	10 Years
Office Equipment	3 - 5 Years
Vehicles	8 - 10 Years

* Useful life of Plant & Equipment of Plastic Piping System Division, Protective Packaging Division and Cross Laminated Film Division and Moulds and Dies are determined based on the internal assessment supported by independent technical evaluation carried out by external valuers.

The management believes that the useful life as given above the best represent the period over which the management expects to use these assets. The useful lives and residual value at each reporting date.

Depreciation on assets added/sold or discarded during the year is being provided on pro-rata basis up to the date on which such assets are added/sold or discarded. Leasehold Land is amortized over the period of lease.

Assets costing up to ₹ 10,000 each are depreciated fully in the year of purchase.

Gains/Losses on disposals/de-recognition of property, plant and equipment are determined by comparing proceeds with carrying amount and these are recognized in statement of profit & Loss.

Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

(i) decision has been made to sell.

(ii) (the assets are available for immediate sale in its present condition.

(iii) the assets are being actively marketed and

(iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

1.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the financial statements for the year ended 31st March, 2020

1.6 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer 's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Company considers effects of variable consideration, the existence of significant financing contracts, noncash consideration and consideration payable to the customer, if any.

Variable Consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled to in exchange for transferring goods to the customer. Some contracts with the customers provide them with a right to return and volume rebates. The right to return and volume rebates gives rise to variable consideration. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration.

Sale of goods: Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon either at the time of dispatch or delivery. In case of export sale, it is usually recognised based on the shipped-on board date as per bill of lading. Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc.

Sale of services: Revenues are recognized over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided/rendered.

Other Income

Dividend income on investments is recognised when the right to receive dividend is established.

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest. For all financial instruments measured at amortised cost, interest income is recorded using the Effective interest rate method to the net carrying amount of the financial assets.

1.7 Contract balances:

Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only a passage of time is required to before payment of the consideration is due).

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfer goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the company performs under the contract.

1.8 GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.9 INVENTORIES

Inventories includes raw material, Work-in-Progress, stock -in -trade, finished goods, stores & spares, consumables, packing materials, goods for resale and commercial premises are valued at lower of cost and net realizable value. Materials in transit is valued at cost incurred till date.

Raw Material and Components – cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using moving average.

Finished/Semi-Finished Goods – cost includes cost of direct material, labor, other direct cost (Including variable costs) and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average cost basis.

Notes to the financial statements for the year ended 31st March, 2020

Stock-in-trade - cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and conditions.

Stores, Spare Parts, Consumables, Packing Materials etc. – cost is determined on FIFO basis.

Goods for Resale – cost is determined on FIFO basis.

Commercial Premises – Cost includes cost of land, premium for development rights, construction cost, materials, services and allocated interest and expenses incidental to the construction business.

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

Adequate allowance is made for obsolete and slow-moving items.

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) the entity's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

A financial asset is measured at amortised cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortised cost is calculated using the effective interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised to Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

(c) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised in Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in the OCI. Amounts recognised in Other Comprehensive Income (OCI) are not subsequently transferred to Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in Statement of Profit and Loss.

Notes to the financial statements for the year ended 31st March, 2020

Impairment

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing Branch and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12–month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The impairment loss is presented as an allowance in the balance sheet as a reduction from the net carrying amount of the trade- receivable, loan, deposits and lease receivable respectively.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities

Initial Recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

Notes to the financial statements for the year ended 31st March, 2020

De-recognition

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

Derivative financial instruments & hedge accounting

The Company uses derivative financial instruments, such as forward foreign exchange contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates their derivatives as hedges of foreign currency risk associated with the cash flows of highly probable forecast transactions and variable interest rate risks associated with the borrowings.

The Company documents at the inception of hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset cash flow of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transaction at the inception of each hedge relationship.

Cash flows hedge that qualify for the hedge accounting

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit & loss, except for the effective portion of cash flow hedge which is recognized in other comprehensive income and presented as separate Branch of equity which is later reclassified to statement of profit & loss when the hedge item affects profit & loss.

Offsetting of financial instruments

Financial assets and financial liabilities are off-set, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.11 FAIR VALUE MEASUREMENT:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the financial statements for the year ended 31st March, 2020

1.12 EMPLOYEE BENEFITS

The Company has provides following post-employment plans such as:

(a) Defined benefit plans such a gratuity and

(b) Defined contribution plans such as Provident fund & Superannuation fund

a) Defined-benefit plan:

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

(a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and

(b) Net interest expense or income

Re-measurement comprising of actuarial gains and losses arising from:

(a) Re-measurement of Actuarial(gains)/losses

(b) Return on plan assets, excluding amount recognized in effect of asset ceiling

(c) Re-measurement arising because of change in effect of asset ceiling

are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

(a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

(b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

d) Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss as and when incurred.

e) Other benefits comprising of discretionary long service awards are recognized as and when determined.

1.13 LEASES

As a Lessee:

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Notes to the financial statements for the year ended 31st March, 2020

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a Lessor:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.14 FOREIGN CURRENCY TRANSACTIONS

a) Functional and Presentation currency

The Financial statements are presented in Indian Rupees (INR), which is Company's functional and presentation currency.

b) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

c) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

1.15 TAXES ON INCOME

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income. In this case, the tax expense is also recognized in other comprehensive income or directly in equity, as the case may be.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items, that are never taxable or tax deductible. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year.

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

The Company offsets, the tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

Notes to the financial statements for the year ended 31st March, 2020

Minimum Alternative Tax ('MAT') credit is recognised 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. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

1.16 RESEARCH AND DEVELOPMENT EXPENDITURE

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, further economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

1.17 PROVISIONS AND CONTINGENCIES

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.18 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.19 CASH FLOW STATEMENT

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

1.20 BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

1.21 EARNINGS PER SHARE

Basic EPS is arrived at based on net profit after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.22 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

The Company has identified its Managing Director as CODM who is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions.

1.23 EXCEPTIONAL ITEMS

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

1.24 CASH DIVIDEND

The Company recognizes a liability to pay dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company i.e. when the dividend distribution is being approved by the shareholders. A corresponding amount is recognized directly in equity.

Notes to the financial statements for the year ended 31st March, 2020

1.25 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate affairs (MCA) notifies new standards or amendment to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

2 PROPERTY, PLANT AND EQUIPMENT

₹ In lakhs

	Land Freehold	Land Leasehold	Buildings	Plant and Equipment	Moulds and Dies	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross carrying amount									
Balance as at 1st April 2019	**6857**	**1891**	**62922**	**154862**	**42281**	**3258**	**686**	**3941**	**276698**
Additions	71	–	6199	13181	3396	422	14	706	23989
Deductions/ Adjustment	–	–	13	1266	810	81	116	416	2702
Reclassified on account of adoption of Ind As 116 (Refer note 36)	–	1891	–	–	–	–	–	–	1891
Balance as at 31st March 2020	**6928**	**–**	**69108**	**166777**	**44867**	**3599**	**584**	**4231**	**296094**
Accumulated Depreciation									
Balance as at 1st April 2019	**–**	**–**	**15640**	**76046**	**29480**	**2048**	**476**	**2870**	**126560**
Additions	–	–	2331	11619	3938	210	43	633	18774
Deductions/ Adjustment	–	–	–	1187	806	77	105	379	2554
Balance as at 31st March 2020	**–**	**–**	**17971**	**86478**	**32612**	**2181**	**414**	**3124**	**142780**
Net carrying amount as at 1st April 2019	**6857**	**1891**	**47282**	**78816**	**12801**	**1210**	**210**	**1071**	**150138**
Net carrying amount as at 31st March 2020	**6928**	**–**	**51137**	**80299**	**12255**	**1418**	**170**	**1107**	**153314**
Gross carrying amount									
Balance as at 1st April 2018	**6883**	**1594**	**56712**	**139480**	**39082**	**2902**	**808**	**3371**	**250832**
Additions	2	455	8475	22025	4109	438	25	749	36278
Deductions/ Adjustment	28	–	916	1112	27	34	147	108	2372
Assets held for disposal	–	8	140	–	–	–	–	–	148
Transfer*	–	129	1209	5531	883	48	–	71	7871
Amortisation	–	21	–	–	–	–	–	–	21
Balance as at 31st March 2019	**6857**	**1891**	**62922**	**154862**	**42281**	**3258**	**686**	**3941**	**276698**
Accumulated Depreciation									
Balance as at 1st April 2018	**–**	**–**	**14312**	**70383**	**26520**	**1946**	**571**	**2369**	**116101**
Additions	–	–	2142	10701	3870	174	48	670	17605
Deductions/ Adjustment	–	–	404	1086	27	33	143	107	1800
Assets held for disposal	–	–	75	–	–	–	–	–	75
Transfer*	–	–	335	3952	883	39	–	62	5271
Balance as at 31st March 2019	**–**	**–**	**15640**	**76046**	**29480**	**2048**	**476**	**2870**	**126560**
Net carrying amount as at 1st April 2018	**6883**	**1594**	**42400**	**69097**	**12562**	**956**	**237**	**1002**	**134731**
Net carrying amount as at 31st March 2019	**6857**	**1891**	**47282**	**78816**	**12801**	**1210**	**210**	**1071**	**150138**

*Transfer of Assets of Khushkhera unit to Kumi Supreme India Pvt Ltd (Associate), Refer Note 48.

NOTES

1. Leasehold land under varying lease arrangement for period ranging from 30-99 years.
2. Refer Note 42 for assets provided as security.
3. Land and Buildings include amount of ₹ 43 lakhs (Previous year ₹ 43 lakhs) in respect of which title deeds are yet to be registered in the name of the Company.

Notes to the financial statements for the year ended 31st March, 2020

₹ In lakhs

3 CAPITAL WORK-IN-PROGRESS

	As at 31st March 2020	As at 31st March 2019
Buildings	**4420**	4766
Plant and equipment	**2856**	2983
Moulds & dies and other assets	**1037**	779
Project expenses pending capitalisation (include depreciation and amortization of ₹ 87 Lakhs (Previous year ₹ NIL))	**979**	476
TOTAL CAPITAL WORK-IN-PROGRESS	**9292**	9004

4 INTANGIBLE ASSETS

	Computer software	Know how, Right to use & Patents	Total
Gross carrying amount			
Balance as at 1st April 2019	**1735**	**2467**	**4202**
Additions	89	102	191
Deductions/ Adjustment	–	–	–
Balance as at 31st March 2020	**1824**	**2569**	**4393**
Accumulated Depreciation			
Balance as at 1st April 2019	**632**	**1611**	**2243**
Additions	318	211	529
Deductions/ Adjustment	2	17	19
Balance as at 31st March 2020	**952**	**1839**	**2791**
Net carrying amount as at 1st April 2019	**1103**	**856**	**1959**
Net carrying amount as at 31st March 2020	**872**	**730**	**1602**
Gross carrying amount			
Balance as at 1st April 2018	**1039**	**2190**	**3229**
Additions	1238	863	2101
Deductions/ Adjustment	521	586	1107
Transfer*	21	–	21
Balance as at 31st March 2019	**1735**	**2467**	**4202**
Accumulated Depreciation			
Balance as at 1st April 2018	**926**	**1695**	**2621**
Additions	247	502	749
Deductions/ Adjustment	520	586	1106
Transfer*	21	–	21
Balance as at 31st March 2019	**632**	**1611**	**2243**
Net carrying amount as at 1st April 2018	**113**	**495**	**608**
Net carrying amount as at 31st March 2019	**1103**	**856**	**1959**

*Transfer of Assets of Khushkhera unit to Kumi Supreme India Pvt Ltd (Associate), Refer Note 48.

Notes to the financial statements for the year ended 31st March, 2020

5 RIGHT TO USE - LEASE

₹ In lakhs

	Right to use
Gross carrying amount	
Balance as at 1st April 2019	–
Additions	5253
Reclassified on account of adoption of Ind As 116 (Refer note 36)	1891
Deductions/ Adjustment	–
Amortisation	23
Balance as at 31st March 2020	**7121**
Accumulated Depreciation	
Balance as at 1st April 2019	–
Additions	1263
Deductions/ Adjustment	–
Balance as at 31st March 2020	**1263**
Net carrying amount as at 1st April 2019	–
Net carrying amount as at 31st March 2020	**5858**

(Refer Note 36)

6 NON CURRENT INVESTMENTS

	Quantity		Amount	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
EQUITY SHARES FULLY PAID UP				
A. INVESTMENT IN ASSOCIATES & SUBSIDIARIES				
QUOTED (At Cost)				
Supreme Petrochem Ltd. (an associate Company - 30.01% equity stake held [Previous year 29.99%]) (Face value @ ₹ 10 each)	**28936400**	28936400	**3337**	3337
UNQUOTED (At Cost)				
Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE (Face value @ AED 150,000 each)	**1**	1	**19**	19
Kumi Supreme India Pvt Ltd (an associate Company - 20.67% equity stake held upto 31st March'2020) (Face value @ ₹ 10 each), Refer Note 48	**–**	25025611	**–**	2503
TOTAL INVESTMENT IN ASSOCIATES & SUBSIDIARIES			**3356**	5859
B. OTHER INVESTMENTS				
QUOTED (Fair value through Profit & Loss Account)				
Bank of Baroda (Perviously known as Vijaya Bank)	**1286**	1286	**1**	2
Central Bank of India	**5874**	5874	**1**	2
UNQUOTED (Fair value through Profit & Loss Account)				
Windage Power Company Private Ltd.*	**42150**	17300	**5**	2
Nu Power Wind Farms Limited*	**4769**	4769	**0**	0
INVESTMENT IN PARTNERSHIP				
HPC Research s.r.o. (LLC)**			**519**	515
TOTAL OTHER INVESTMENTS			**526**	521
TOTAL NON CURRENT INVESTMENTS [A+B]			**3882**	6380
*Lying in escrow account				
Aggregate market value of quoted investments			**37532**	64836
Aggregate carrying value of unquoted investments			**543**	3038
Aggregate carrying value of quoted investments			**3339**	3341

** Name of Partners and shares

1. Special engineering s.r.o. (45%)
2. Andriy Zakharchuk (45%)
3. The Supreme Industries Limited (10%)

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

7 DEPOSITS

	Non-Current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Sundry deposits considered good - Unsecured	**1858**	1676	**360**	478
TOTAL DEPOSITS	**1858**	1676	**360**	478

8 LOANS

	Non-Current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Loans to employees considered good - Unsecured	**83**	114	**195**	183
TOTAL LOANS	**83**	114	**195**	183

9 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Interest accrued and due on fixed deposits	**–**	11	**48**	47
Derivative financial assets	**–**	–	**470**	–
TOTAL OTHER FINANCIAL ASSETS	**–**	11	**518**	47

10 OTHER ASSETS

	Non-Current		Current	
(Unsecured - Considered good)	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Capital advances	**2946**	1704	**–**	–
Advances to Supplier	**–**	–	**2744**	1873
Advances/claims recoverable	**6**	198	**2371**	1435
Prepaid expenses	**107**	161	**1098**	713
Refunds due/balances from/with government authorities	**5289**	1952	**6142**	7848
TOTAL OTHER ASSETS	**8348**	4015	**12355**	11869

11 INVENTORIES

(Cost or Net realisable value whichever is lower)

	As at 31–Mar–20	As at 31–Mar–19
Raw materials and components [(including goods in transit ₹ 4714 lakhs (As at 31st March' 2019 - ₹ 169 lakhs)]	**33096**	36268
Finished goods [(including goods in transit ₹ 4 lakhs (As at 31st March' 2019 - ₹ 35 lakhs)]	**45089**	31212
Semi–finished goods	**7165**	3670
Traded goods	**808**	667
Stores, spare parts, and consumables	**1762**	1599
Packing materials	**1137**	956
Commercial premises	**–**	672
TOTAL INVENTORIES	**89057**	75044

Note: Write down of Inventories to Net Realisable Value by ₹ 143 lakhs (Previous year ₹ 42 lakhs) based on management inventory policy - Non & slow moving inventory. The same has been recognised as an expense during the year and included in "Changes in value of Inventory of "semi finished goods"and "finished goods" in statement of Profit and Loss.

Refer Note no. 42

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

12 TRADE RECEIVABLES

	As at 31-Mar-20	As at 31-Mar-19
Trade Receivables considered good - Unsecured	**30761**	37389
Trade Receivables which have significant increase in Credit Risk	**706**	1435
Trade Receivables - credit impaired	**405**	305
	31872	39129
Less: Provision for doubtful trade receivables	**612**	388
TOTAL TRADE RECEIVABLES	**31260**	38741

Note: Refer note 33, 40 and 42

13 CASH AND CASH EQUIVALENTS

	As at 31-Mar-20	As at 31-Mar-19
Balance with banks in current and cash credit accounts	**12362**	2974
Cash on hand	**40**	34
Remittances in transit	**2443**	53
Cheques on hand	**1**	–
Investment in liquid mutual funds*	**7004**	–
TOTAL CASH AND CASH EQUIVALENTS	**21850**	3061

***Investment in Liquid Mutual funds includes:**

Scheme Name	Units	₹ In Lakhs
HDFC Liquid Fund–Growth	89656	3503
SBI Liquid Fund–Growth	112616	3501
Total	**202272**	**7004**

14 OTHER BANK BALANCES

	As at 31-Mar-20	As at 31-Mar-19
Deposit with banks (Earmarked for electricity/sales tax/margin money)	**582**	65
Unclaimed dividend	**565**	458
TOTAL OTHER BANK BALANCES	**1147**	523

15 EQUITY SHARE CAPITAL

	As at 31-Mar-20	As at 31-Mar-19
AUTHORISED		
15,00,00,000 Nos. Equity Shares of ₹ 2 each	**3000**	3000
1,12,00,000 Nos. Preference Shares of ₹ 10 each	**1120**	1120
3,38,00,000 Nos. Unclassified Shares of ₹ 10 each	**3380**	3380
	7500	7500
ISSUED, SUBSCRIBED AND PAID UP		
12,70,26,870 Nos. Equity Shares of ₹ 2 each Fully Paid Up	**2541**	2541
TOTAL SHARE CAPITAL	**2541**	2541

The reconciliation of the number of equity shares outstanding	As at 31-Mar-20		As at 31-Mar-19	
	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	**127026870**	**2541**	127026870	2541
Equity Shares at the end of the year	**127026870**	**2541**	127026870	2541

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

Terms/rights attached to Equity shares :

The Company has only one class of issued Equity Shares having a par value of ₹ 2 per share. Each Shareholder is eligible for one vote per share held.

In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	31-Mar-20		31-Mar-19	
	No. of Equity Shares	% of Holding	No. of Equity Shares	% of Holding
Boon Investment and Trading Company Pvt Ltd	**20357956**	**16.03%**	20206592	15.91%
Jovial Investment and Trading Company Pvt Ltd	**20108268**	**15.83%**	19912082	15.68%
Venkatesh Investment and Trading Company Pvt Ltd	**19693081**	**15.50%**	19693081	15.50%

In the Period of five years immediately preceding March, 2020:

The Company has not alloted any equity shares as fully paid up without payment being received in cash or as Bonus Shares or Bought back any equity shares.

16 OTHER EQUITY

	As at 31-Mar-20	As at 31-Mar-19
Capital reserve	**245**	245
Securities premium	**4749**	4749
Capital redemption reserve	**222**	222
General reserve	**206579**	178379
Retained earnings	**–**	13783
Accumulated other comprehensive income	**(1077)**	(654)
	210718	196724

Nature & Purpose of the Reserve:

Capital Reserves: Capital reserve represents the capital subsidy received by the Company. The reserve will be utilised in accordance with the provisions of the Act.

Securities premium: Securities premium reserve is credited when shares are issued at premium. The reserve will be utilised in accordance with the provisions of the Act.

Capital Redemption Reserves: Capital redemption reserve is being created by transfer from Retained earnings at the time of buy back of equity shares in accordance with the Act. The reserve will be utilised in accordance with the provisions of the Act.

General reserve: The General reserve is created by way of transfer of profits from retained earnings for appropriation purposes. This reserve is utilised in accordance with the provisions of the Act.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

17 BORROWINGS

	Non-Current		Current	
SECURED	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Working Capital Loans:				
From Banks:				
Cash credit accounts	**–**	–	**2186**	2296
Working Capital Demand Loans	**–**	–	**6908**	–
Foreign currency loans - Buyer's credit	**–**	–	**–**	3014
	–	–	**9094**	5310
UNSECURED				
Deferred payment liabilities (under sales tax deferral scheme)	**88**	112	**–**	–
From Banks:				
Cash credit accounts	**–**	–	**1993**	–
Working Capital Demand Loans	**–**	–	**20180**	–
Foreign Currency loans - Buyer's credit	**–**	–	**9739**	10784
	88	112	**31912**	10784
TOTAL BORROWINGS	**88**	112	**41006**	16094

(Refer Note 33, 34, 42 and 44)

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

18 DEPOSITS

	Non-Current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Trade / security deposits	**284**	187	**58**	284
TOTAL DEPOSITS	**284**	187	**58**	284

19 PROVISIONS

	Non-Current		Current	
	31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19
Provision for employee benefits:				
Compensated absences	**2001**	1617	**555**	445
Gratuity (Refer Note 35)	**–**	–	**571**	339
TOTAL PROVISIONS	**2001**	1617	**1126**	784

20 TRADE PAYABLES

	As at 31-Mar-20	As at 31-Mar-19
Due to:		
Micro, small and medium enterprises	**1659**	1544
Others	**53184**	54321
TOTAL TRADE PAYABLES	**54843**	55865

Notes:

1. Refer note 40 for related party balances.
2. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act, to the extent information available to the Company are as follows:

	As at 31-Mar-2020	As at 31-Mar-2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**1659**	1544
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**–**	–
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	**–**	–
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**–**	–
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**–**	–
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	**–**	–
Further interest remaining due and payable for earlier years	**–**	–

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

21 OTHER FINANCIAL LIABILITIES

	As at 31-Mar-20	As at 31-Mar-19
Current maturities of long-term debt	**35**	35
Interest accrued but not due on borrowings	**53**	214
Payables towards property, plant & equipment	**8787**	7199
Unclaimed dividend*	**564**	455
Unpaid matured deposits & interest accrued thereon	**2**	3
Derivative financial liabilities	**–**	331
Finance lease liabilities	**1041**	–
Others	**102**	103
TOTAL OTHER FINANCIALS LIABILITIES	**10584**	8340

*Investor Education and Protection Fund (IEPF) credited when due. As at March 31st 2020, no balances were due to be transferred to IEPF except ₹ 11 Lakhs.

22 OTHER CURRENT LIABILITIES

	As at 31-Mar-20	As at 31-Mar-19
Advances from customers	**5822**	4298
Advances towards sale of land	**121**	121
Statutory dues	**3428**	7657
Other payables	**262**	262
TOTAL OTHER CURRENT LIABILITIES	**9633**	12338

23 INCOME TAX ASSETS (NET)

	As at 31-Mar-20	As at 31-Mar-19
Income tax assets (net of income tax provision)	**3789**	3606
TOTAL INCOME TAX ASSETS (NET)	**3789**	3606

24 REVENUE FROM OPERATIONS

	2019 - 2020	2018 - 2019
Sale of Goods		
Plastic Products	**537968**	537727
Commercial Premises	**2560**	8085
Traded Goods		
Plastic Products	**2247**	5320
Others	**3252**	4636
	546027	555768
Sale of services		
Income from processing	**530**	610
Others	**20**	31
	550	641
Other operating income		
Government grants/subsidy	**2087**	2397
Export incentives	**642**	549
Sale of empty bags and other scrap etc.	**1474**	1427
Insurance and other claims	**59**	49
Liabilities no longer required written back	**288**	336
	4550	4758
TOTAL REVENUE FROM OPERATIONS	**551127**	561167

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

25 OTHER INCOME

	2019 - 2020	2018 - 2019
Dividend received on investments in associates carried at cost	**1736**	1302
Profit on sale/discard of fixed assets (net)	**51**	342
Lease rent	**87**	18
Share of profit in partnership firm	**5**	–
Foreign currency exchange fluctuation (net)	**–**	418
TOTAL OTHER INCOME	**1879**	2080

26 COST OF MATERIALS CONSUMED

	2019 - 2020	2018 - 2019
Cost of raw materials consumed	**360021**	362591
Cost of packing materials consumed	**9909**	9677
Cost of commercial premises sold	**670**	2199
TOTAL COST OF MATERIALS	**370600**	374467

27 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI FINISHED GOODS & STOCK-IN-TRADE

		2019 - 2020		2018 - 2019
Inventories at the beginning of the year				
Finished goods / Semi finished goods	**34881**		33840	
Traded goods	**667**		930	
	35548		34770	
Inventories at the end of the year				
Finished goods / Semi finished goods	**52254**		34881	
Traded goods	**808**		667	
	53062		35548	
Change in inventories		**(17514)**		(778)
Transfer of Finished goods of Khushkhera unit to Kumi Supreme India Pvt Ltd (Associate), Refer Note 48		**–**		(136)
TOTAL CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS & STOCK-IN-TRADE		**(17514)**		(914)

28 EMPLOYEE BENEFITS EXPENSES

	2019 - 2020	2018 - 2019
Salaries and wages	**22178**	20074
Contribution to provident & other fund	**1153**	1126
Managerial remuneration	**3021**	2661
Staff welfare expenses	**1512**	1493
TOTAL EMPLOYEE BENEFITS EXPENSES	**27864**	25354

29 FINANCE COSTS

		2019 - 2020		2018 - 2019
Interest expenses	**2408**		3109	
Interest on lease liabilities	**405**		–	
Unwinding of discount on deferred sales tax	**10**		13	
Other borrowing costs	**143**	**2966**	233	3355
Less:				
Interest received	**691**		485	
Unwinding of discount on security deposits	**56**		54	
Profit on redemption of liquid mutual funds on current investments designated at FVTPL	**201**	**948**	216	755
TOTAL FINANCE COSTS		**2018**		2600

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

30 OTHER EXPENSES

	2019 - 2020	2018 - 2019
Stores & spare parts consumed	**3760**	3762
Labour charges	**17182**	16147
Power & fuel	**21608**	20547
Water charges	**111**	117
Repairs & maintenance of building	**634**	470
Repairs & maintenance of plant & machinery	**1400**	1300
Repairs & maintenance (others)	**893**	799
Directors' fees	**66**	57
Rent, rates & taxes	**1524**	1842
Insurance	**422**	266
Corporate social responsibility and donations (Refer note 46)	**1611**	1059
Legal & professional fees	**1821**	1808
Travelling & conveyance	**3064**	2764
Vehicle expenses	**255**	513
Advertisement, publicity & business promotion	**7202**	7698
Freight and forwarding charges	**10820**	10775
Printing, stationery & communication	**861**	870
Commission and Royalty	**2159**	2188
Sales tax	**66**	28
Bad debts (net of bad debts recovered)	**917**	1
Provision for doubtful debts	**265**	62
Plant security services	**1192**	1085
Inspection, testing, registration and marking fees	**731**	654
Foreign currency exchange fluctuation (net)	**2386**	–
Fair value loss on investments through profit or loss	**2**	2
Loss on Sale of Investments in an associate	**77**	–
Miscellaneous expenses (Refer note 47)	**927**	646
TOTAL OTHER EXPENSES	**81956**	75460

31 INCOME TAXES

A. Tax expense recognised in the statement of Profit and Loss:

Particulars	2019 - 2020	2018 - 2019
Current tax	**16030**	20751
Deferred income tax expense/(credit)	**(3026)**	697
Total income tax expense/(credit)	**13004**	21448

B. A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows :

Particulars	2019 - 2020	2018 - 2019
Enacted income tax rate in India	**25.17%**	34.99%
Profit before tax	**62220**	67315
Income tax as per above rate	**15661**	23556
Adjustments:		
Income exempt from Income taxes	**(437)**	(456)
Amounts not allowable under income tax act	**414**	198
Change in tax rate	**(3363)**	–
Others	**729**	(873)
Tax on LTCG / Slump sale	**–**	(977)
Income tax as per profit and loss statement	**13004**	21448

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

C. The movement in deferred tax assets and liabilities during the year ended March 31, 2020:

Deferred tax (assets)/liabilities	As at 1st April, 2018	(Credit)/ charge in statement of Profit and Loss	As at 31st March, 2019	(Credit)/ charge in statement of Profit and Loss	As at 31st March, 2020
Depreciation	11901	2115	14016	(2963)	11053
Amount allowable on payment basis & others	(561)	(1418)	(1979)	(63)	(2042)
Total	**11340**	**697**	**12036**	**(3026)**	**9011**

The Company elected to exercise the option of lower tax rate permitted under section 115BAA of the Income-tax Act,1961. The Company, accordingly has recognized Provision for Income Tax and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for year ended including write back of deferred tax liabilities relating to earlier years of ₹ 3363 lakhs.

32 FINANCIAL INSTRUMENTS

The Management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

a. Financial assets

		Instruments carried at			
		Fair value		Amortized cost	
	Note	At Cost	FVTPL	Carrying amount	Total carrying amount
As at 31st March, 2020					
Investment in associates and subsidiaries	6	**3,356**	–	–	**3356**
Other investments	6	–	**526**	–	**526**
Deposits	7	–	–	**2218**	**2218**
Loans	8	–	–	**278**	**278**
Trade receivables	12	–	–	**31260**	**31260**
Cash & cash equivalents	13	–	**7004**	**14846**	**21850**
Other bank balances	14	–	–	**1147**	**1147**
Other financial assets	9	–	–	**48**	**48**
Derivative financial assets	9	–	**470**	–	**470**
Total		**3356**	**8000**	**49798**	**61153**
As at 31st March, 2019					
Investment in associates and subsidiaries	6	5859	–	–	5859
Other investments	6	–	521	–	521
Deposits	7	–	–	2154	2153
Loans	8	–	–	297	298
Trade receivables	12	–	–	38741	38741
Cash & cash equivalents	13	–	–	3061	3061
Other bank balances	14	–	–	523	523
Other financial assets	9	–	–	58	58
Total		5859	521	44834	51214

₹ in Lakhs

b. Financial liabilities

	Note	Instruments carried at Fair value FVTPL	Amortized cost Carrying amount	Total carrying amount
As at 31st March, 2020				
Borrowings	17	**9739**	**31355**	**41094**
Finance lease liabilities		–	**2948**	**2948**
Deposits	18	–	**343**	**343**
Trade payables	20	**25213**	**29630**	**54843**
Other financial liabilities	21	–	**10584**	**10584**
Total		**34952**	**74860**	**109812**
As at 31st March, 2019				
Borrowings	17	**13798**	**2409**	**16207**
Deposits	18	–	**471**	**471**
Trade payables	20	**23111**	**32754**	**55865**
Other financial liabilities	21	–	**8009**	**8009**
Derivative financial liabilities	21	**331**	**331**	**331**
Total		**37241**	**43973**	**80883**

Fair value estimation

For financial instruments measured at fair value in the Balance Sheet, a three level fair value hierarchy is used that reflects the significance of inputs used in the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: quoted prices for identical instruments
- Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: inputs which are not based on observable market data.

	Level 1	Level 2	Level 3
As at 31st March, 2020			
Assets at fair value			
Investments	**6**	–	**520**
Investment in liquid fund	**7004**	–	–
Derivative financial instruments	–	**470**	–
As at 31st March, 2019			
Assets at fair value			
Investments	2	–	519
Liabilities at fair value			
Derivative financial instruments	–	331	–

The fair value of investments in equity is based on the price quotation at the reporting date derived from quoted market prices in active market. The Company enters into derivative financial instruments with various counterparties, principally financial institutions. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations.

33 RISK MANAGEMENT

Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activity expose it to market risk, liquidity risk, commodity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency and interest rate swaps are entered to hedge certain foreign currency risk exposures to hedge variable interest rate exposures. Derivatives

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

are used exclusively for hedging purposes and not as trading or speculative instruments. The Company's financial risk management policy is set by the Managing Director and governed by overall direction of Board of Directors of the Company.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

S.No.	Risk	Exposure arising from	Measurement	Risk Management
A	Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	"Ageing analysis Credit ratings"	Credit limits and letters of credit and Performance guarantees.
B	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
C	Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
D	Market risk – foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR.	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
E	Commodity risk	Purchase of Raw Material	Fluctuation of Crude Price and Currency rates	Procurement and inventory strategy

A. CREDIT RISK

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

i) Actual or expected significant adverse changes in business

ii) Actual or expected significant changes in the operating results of the counterparty

iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

iv) Significant increase in credit risk on other financial instruments of the same counterparty

The company catogarises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Provision for expected credit losses:

<table>
<tr><th></th><th></th><th colspan="3">Basis for recognition of expected credit loss provision</th></tr>
<tr><th>Description of category</th><th>Category</th><th>Investments</th><th>Loans and deposits</th><th>Trade Receivables</th></tr>
<tr><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil</td><td>High-quality assets, negligible credit risk</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past</td><td>Quality assets, low credit risk</td></tr>
<tr><td>Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong</td><td>Standard assets, moderate credit risk</td></tr>
</table>

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

		Basis for recognition of expected credit loss provision		
Description of category	**Category**	**Investments**	**Loans and deposits**	**Trade Receivables**
Assets where there has been a significant increase in credit risk since initial recognition. Assets where the payments are more than 180 days past due	Substandard assets, relatively high credit risk	Life-time expected credit losses	Life-time expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is a high probability of default. In general, assets where contractual payments are more than 180 days past due are categorised as low quality assets. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due	Low quality assets, very high credit risk			
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Doubtful assets, credit-impaired	Asset is written off		

Expected credit loss for loans, security deposits and investments:

As at 31st March' 2020

Particulars		**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	**278**	–	–	**278**
		Security deposits	**2218**	–	–	**2218**
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired or credit impaired	NA	–	–	–	–

As at 31st March' 2019

Particulars		**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	297	–	–	297
		Security deposits	2154	–	–	2154
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired or credit impaired	NA	–	–	–	–

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

a. Expected credit loss for trade receivables under simplified approach

Due from the date of invoice	**As at 31st March'20**	As at 31st March'19
0-3 months	**29566**	36060
3-6 months	**932**	1645
6 months to 12 months	**569**	315
beyond 12 months	**193**	721
Total	**31260**	38741

b. Reconciliation of loss allowance provision - Trade receivables

	As at 31st March '20	As at 31st March '19
Opening provision	**388**	325
Additional provision made	**265**	63
Utilisation during the year	**(41)**	–
Closing provisions	**612**	388

B. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements

The Company had access to following undrawn Borrowing facilities at end of reporting period:

	As at 31st March '20	As at 31st March '19
Borrowings including working capital	**23297**	50930

Contractual maturity patterns of borrowings

	As at 31st March '20		
	0-1 years	**1-5 years**	**Total**
Long term borrowings (Including current maturity of long term debt)	**35**	**88**	**123**
Short term borrowings	**41006**	**–**	**41006**
Total	**41041**	**88**	**41129**

	As at 31st March '19		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)	35	112	147
Short term borrowings	16094	–	16094
Total	16129	112	16241

Refer Note 36 for contractual maturity pattern of lease liabilities.

Contractual maturity patterns of Financial Liabilities

	As at 31st March '20	As at 31st March '19
	0-12 Months	0-12 Months
Trade Payable	**54843**	55865
Payable related to Capital goods	**8787**	7199
Other Financial liabilities including derivative financial liabilities	**1762**	1106
Total	**65392**	64170

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

C. MARKET RISK - INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk.

The Company is not exposed to significant interest rate risk as at the respective reporting date.

D. MARKET RISK- FOREIGN CURRENCY RISK

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the company are significantly lower in comparison to its imports. Foreign currency exchange rate exposure is partly balanced by exports of goods and prudent hedging policy.

Foreign Currency Exposure

Name of the Instrument	2019 - 2020		2018 - 2019	
	In Million US$	₹ in Lakhs	In Million US$	₹ in Lakhs
Open Foreign Exchange Exposures - Receivable	2	1687	3	1805
Open Foreign Exchange Exposures - Payable	27	20240	23	16196

Foreign Currency Risk Sensitivity

A change of 1% in Foreign currency would have following Impact on profit before tax:

Particulars	2019 - 2020		2018 - 2019	
	1% appreciation in US$	1% depreciation in US$	1% appreciation in US$	1% depreciation in US$
USD	(219)	219	(144)	144
Increase / (decrease) in profit or loss	(219)	219	(144)	144

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Name of the Instrument	2019 - 2020		2018 - 2019	
	In Million US$	₹ in Lakhs	In Million US$	₹ in Lakhs
Forward Purchase	28	20572	52	36909

The Company enjoys natural hedge to the extent of: a) Exports effected and b) Inventory held (being sensitive to exchange rate fluctuations). Although the Company believes that these derivatives constitute hedges from a economic prospective, they might not qualify for hedge accounting under Ind AS 109.

E. COMMODITY RISK

Principal Raw Material for Company's products is variety of plastic polymers which are primarily Derivatives of Crude Oil. Company sources its raw material requirement from across the globe. Domestic market prices are also generally remains in sync with international market price scenario.

Volatility in Crude Oil prices, Currency fluctuation of Rupee vis-à-vis other prominent currencies coupled with demand–supply scenario in the world market affect the effective price and availability of polymers for the Company. Company effectively manages deals with availability of material as well as price volatility through:

1. Widening its sourcing base
2. Appropriate contracts and commitments
3. Well planned procurement & inventory strategy and
4. Prudent hedging policy on foreign currency exposure

Risk committee of the Company comprising members from Board of Directors and operations has developed and enacted a risk management strategy regarding commodity Price risk and its mitigation.

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

F. IMPACT OF COVID-19

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25th March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporarily closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company majorly fell under non-essential category, these restrictions had substantially reduced its operations at various plants for 25 to 35 days. The Company has since, after receiving applicable permissions, partially commenced operations including despatch of goods to its' customers at all of its manufacturing facilities and scaling up the same gradually.

In assessing the recoverability of trade receivables measured at amortised cost of ₹ 31260 lakhs and realisation of inventories of ₹ 89057 lakhs, apart from considering the internal and external information up to the date of approval of these standalone financial statements, the Company has also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. Refer Note 1 of the Financial statements for accounting policy followed by the company for subsequent measurement of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

34 CAPITAL RISK MANAGEMENT

A. The Company's objectives when managing capital are to

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

The Company monitors capital on the basis of the following debt equity ratio:

	31 March, 2020	31 March, 2019
Net Debt	**41129**	16241
Total Equity	**213259**	199265
Net Debt to Total Equity	**0.19**	0.08

Company believes in conservative leverage policy. Company's capex plan over the medium term shall be largely funded through internal accruals and suppliers credit.

B. The Company follows the policy of Dividend for every financial year as may be decided by Board considering financial performance of the company and other internal and external factors enumerated in the Company dividend policy. As per the dividend policy, generally the Company maintains a dividend pay-out ratio (including Dividend Distribution tax) in the range of 35 % to 55% of net profit (PAT).

35 DISCLOSURE PURSUANT TO IND AS - 19 "EMPLOYEE BENEFITS"

i) Gratuity: In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund administered by life Insurance Companies under their respective Group Gratuity Schemes.

The disclosure in respect of the defined Gratuity Plan are given below:

A. Balance Sheet

	Defined benefit plans	
	As at 31st March, 2020	As at 31st March, 2019
Present value of plan liabilities	**5321**	4302
Fair value of plan assets	**4750**	3963
Asset/(Liability) recognised	**(571)**	(339)

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

B. Movements in plan assets and plan liabilities

	Present value of obligations	Fair Value of Plan assets
As at 1st April 2019	**4302**	**3963**
Current service cost	**278**	**–**
Interest Cost	**335**	**–**
Interest Income	**–**	**309**
Return on plan assets excluding amounts included in net finance income/cost	**–**	**(18)**
Actuarial (gain)/loss arising from changes in demographic assumptions	**–**	**–**
Liability/Assets transferred out/Divestments	**–**	**–**
Actuarial (gain)/loss arising from changes in financial assumptions	**371**	**–**
Actuarial (gain)/loss arising from experience adjustments	**178**	**–**
Employer contributions	**–**	**639**
Benefit payments	**(143)**	**(143)**
As at 31st March 2020	**5321**	**4750**
As at 1st April 2018	3689	3344
Current service cost	248	–
Interest Cost	287	–
Interest Income	–	262
Return on plan assets excluding amounts included in net finance income/cost	–	(8)
Actuarial (gain)/loss arising from changes in demographic assumptions	–	–
Liability/Assets transferred out/Divestments	(41)	(41)
Actuarial (gain)/loss arising from changes in financial assumptions	20	–
Actuarial (gain)/loss arising from experience adjustments	335	–
Employer contributions	–	641
Benefit payments	(235)	(235)
As at 31st March 2019	4302	3963

The liabilities are split between different categories of plan participants as follows:

- active members - 100% (2018-19: 100%)

The Company expects to contribute ₹ 750 Lakhs to the funded plans in financial year 2020-21.

The Plan assets have been invested in Insurance managed funds.

C. Statement of Profit and Loss

	2019 - 2020	2018 - 2019
Employee Benefit Expenses:		
Current service cost	**278**	248
Interest cost/(income)	**26**	24
Total amount recognised in Statement of profit & loss	**304**	272
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in net finance income/(cost)	**(18)**	(8)
Experience gains/(losses)	**(548)**	(355)
Total amount recognised in Other Comprehensive Income	**(566)**	(363)

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

	As at 31st March, 2020	As at 31st March, 2019
Financial Assumptions		
Discount rate	**6.86%**	7.79%
Expected Rate of Return on plan assets	**6.86%**	7.79%
Salary Escalation Rate	**6.00%**	6.00%
Attrition Rate	**2.00%**	2.00%

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08)

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

	As at 31st March, 2020	As at 31st March, 2019
Impact on defined benefit obligation	**Increase/Decrease in liability**	Increase/Decrease in liability
+0.50% Change in rate of discounting	**(206)**	(162)
–0.50% Change in rate of discounting	**222**	175
+1.00% Change in rate of Salary increase	**461**	366
–1.00% Change in rate of Salary increase	**(403)**	(321)
+0.50% Change in Attrition Rate	**13**	25
–0.50% Change in Attrition Rate	**(14)**	(26)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

F. The major categories of plan asset are as follows:

	As at 31st March, 2020	As at 31st March, 2019
Equities	–	–
Bonds	–	–
Gilts	–	–
Pooled assets with an insurance company	**100%**	100%
Other	–	–
	100%	100%

G. The defined benefit obligations shall mature as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Within 1 year	**748**	534
1-2 year	**255**	233
2-3 year	**361**	341
3-4 year	**383**	324
4-5 year	**446**	354
5-10 year	**2193**	1966
More than 10 year	**6435**	5909

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

ii) Compensated Absences: Compensated Absences: The Company permits encashment of compensated absence accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of leave at the balance sheet date is determined and provided on the basis of actuarial valuation as at the balance sheet date performed by an independent actuary. The Company doesn't maintain any plan assets to fund its obligation towards compensated absences.

iii) Notes:

Liability for post employment benefits, other long term benefits, termination benefits and certain short term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly the amount for above pertaining to key management personnel is not ascertainable and, therefore, not included above.

36 LEASES

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach. The Company's lease asset classes primarily consist of leases for buildings and vehicles. These leases were classified as "Operating Leases" under Ind AS 17. On transition to Ind AS 116 "Leases", for these leases, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019. Right to Use if measured either at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and ''finance cost'' for the right-to-use assets and for interest accrued on lease liability respectively, and therefore, these expenses for the current year are not comparable to the previous years, to that extent.

The Company has used following practical expedient, when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- The company didn't recognized Right to Use and Lease liabilities for lease for which the lease terms ends within 12 months on the date of initial transition and low value assets
- The Company excluded initial direct cost from measurement of the Right to Use assets at the date of initial application.
- The Company uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 9%.

On transition to the Ind AS–116, Impact thereof is as follows:

Particulars	Amount
Right-to-use assets	**4230**
Lease liabilities	**4230**

The difference between the lease obligation under Ind AS 17 disclosed under Note no. 37 of the annual standalone financial statements for the year ended March 31, 2019 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Type of Right to Use assets			Total
	Building	Vehicles	Land	
Balance as at 1st April 2019	**3698**	**587**	**–**	**4285**
Reclassified on account of adoption of Ind As 116	**–**	**–**	**1891**	**1891**
Additions	**898**	**70**	**–**	**968**
Deletions	**–**	**–**	**–**	**–**
Depreciation and amortisation expenses (Refer Note 5)	**1069**	**194**	**23**	**1286**
Balance as at 31st March 2020	**3527**	**463**	**1868**	**5858**

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

Following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	Amount
Balance as at 1st April 2019	**4230**
Additions	**772**
Interest accrued during the year	**405**
Deletions	**–**
Payment of lease liabilities	**1417**
Balance as at 31st March 2020	**3989**
- Current lease liabilities	**1041**
- Non-current lease liabilities	**2948**

Break-up of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	**1041**
One to five years	**2816**
More than 5 years	**132**

Short-term leases expenses incurred for the year ended 31st March, 2020:

Particulars	Amount
Rental expense	**202**
Vehicle expenses	**255**

37 EARNINGS PER SHARE (EPS)

	2019 - 2020	2018 - 2019
Profit after tax(PAT) before exceptional items	**49639**	39881
Profit after tax(PAT) after exceptional items	**49639**	46103
Weighted average number of equity Shares (In Nos.)	**127026870**	127026870
Nominal value of equity Shares (In nos.)	**2.00**	2.00
Basic & diluted earning per share before exceptional items	**39.08**	31.40
Basic & diluted earning per share after exceptional items	**39.08**	36.29

38 CONTINGENT LIABILITIES

	2019 - 2020	2018 - 2019
Bills/Cheque's discounted	**1199**	232
Diputed Excise and Service Tax demands	**4183**	4484
Disputed Income Tax demands	**1359**	885
Disputed Sales Tax / Entry Tax demands	**876**	1422
Other claims against the Company not acknowledged as debts	**872**	893

Notes:

a) Most of the issues of litigation pertaining to Central Excise/Service Tax/Income Tax are based on interpretation of the respective Law & Rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgments of respective judicial authorities which supports its contention. As such no material impact on the financials of the Company is envisaged.

b) Sales Tax and Entry Tax related litigation/demand primarily pertains to non-receipt of declaration forms from customers and mismatch of input tax credit or some interpretation related issues w.r.t. applicability of schemes. Counsel of the Company opined positive outcome based on merits of the cases under litigation. In most of the cases, required documents are being filed and minor impact if any, shall be given in the year of final outcome of respective matter in appeal.

c) Other issues are either in ordinary course of business or not of substantial nature and management is reasonably confident of their positive outcome. Management shall deal with them judiciously and provide for appropriately, if any such need arises.

d) There is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

39 COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is ₹ 15308 lakhs (Previous year ₹ 11152 lakhs).

40 DISCLOSURE ON RELATED PARTY TRANSACTIONS

Names of related parties and description of relationship and Nature of Transactions:

Parties where controls exists :

The Supreme Industries Overseas FZE, Dubai - Subsidiary

Nature of Transactions	2019 - 2020	2018 - 2019
Sale of goods	**160**	96
Receiving of services - excluding taxes	**171**	307
Outstanding at year-end - Receivable	**(5)**	0
Outstanding at year-end - Payable	**172**	200

Associate and other related parties with whom transaction have been entered during the course of business:
Supreme Petrochem Limited (associate), Kumi Supreme India Pvt Ltd (associate upto 31st March' 2020), Kumi (Thailand) Co. Ltd.

	Supreme Petrochem Limited		Kumi Supreme India Pvt Ltd	
Nature of Transactions	**2019 - 2020**	2018 - 2019	2019 - 2020	2018 - 2019
Purchase of goods	**4797**	4878	**21**	–
Sale of goods	**264**	74	**59**	56
Rendering of services - excluding taxes	**–**	–	**7**	14
Reimbursement of expenses	**–**	–	**7**	–
Dividend Received	**1736**	1302	**–**	–
Investment in Equity Shares	**–**	–	**–**	2503
Sale of Khuskhera unit	**–**	–	**–**	9718
Outstanding at year-end - Receivable	**0**	4	**5**	4
Outstanding at year-end - Payable	**723**	146	**–**	–

	Kumi (Thailand) Co. Ltd	
Nature of Transactions	2019 - 2020	2018 - 2019
Sale of Equity Shares in associate	**2432**	–

Key Managerial Personnel:

Mr. M P Taparia, Managing Director ; Mr. S J Taparia, Executive Director ; Mr. V K Taparia, Executive Director ; Mr. P.C. Somani, Chief Financial Officer ; Mr. R.J. Saboo, VP (Corporate Affairs) & Company Secretary.

	Mr. M P Taparia, Managing Director		Mr. S J Taparia, Executive Director	
Nature of Transactions	**2019 - 2020**	2018 - 2019	**2019 - 2020**	2018 - 2019
Managerial Remunaration paid	**987**	871	**982**	869
Outstanding at year-end - Payable	**666**	628	**664**	628
	Mr. V K Taparia, Executive Director		**Others**	
Nature of Transactions	**2019 - 2020**	2018 - 2019	**2019 - 2020**	2018 - 2019
Managerial Remunaration paid	**975**	869	**218**	203
Outstanding at year-end - Payable	**664**	623	**22**	52

As the liabilities for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to individual Key Management Personnel are not separately available.

Enterprises in which Directors have significant influence:

Devrat Impex Private Limited, Supreme Foundation, Shri Surajmal Taparia Memorial Trust, Smt. Moharidevi Taparia Memorial Trust, Smt. Moharidevi Taparia Kanya Mahavidyalay Trust, Shri Jeetmal Taparia Memorial Trust, Shri Jagannath Taparia Memorial Trust

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

	Devrat Impex Private Limited		Others - Trusts	
Nature of Transactions	**2019 - 2020**	2018 - 2019	**2019 - 2020**	2018 - 2019
Sale of goods	**3183**	3562	**–**	–
Purchase of goods	**1**	–	**–**	–
Donations	**–**	–	**991**	859
Receiving of services - excluding taxes	**25**	12	**–**	–
Outstanding at year-end - Receivable	**221**	42	**–**	–
Outstanding at year-end - Payable	**–**	0	**–**	–

Other Related Parties:

Non Executive Directors

Mr. B. L. Taparia, Chairman ; Director ; Mr. B. V. Bhargava, Director ; Mr. Y. P. Trivedi, Director ; Mr. R. Kannan, Director ; Mr. R. M. Pandia, Director ; Mr. Sarthak Behuria, Director (from 7th May, 2019) ; Ms. Ameeta Parpia, Director (from 7th May, 2019) ; Mr. N. N. Khandwala (upto 17th September, 2019) ; Smt. Rashna Khan, Director (upto 17th September, 2019).

Mr. Vivek Taparia, Business Development Manager (Relative of Director)

Nature of Transactions	**2019 - 2020**	2018 - 2019
Remunaration paid	**61**	43
Sitting Fees & Commission to Non Executive Directors	**139**	109
Outstanding at year-end - Payable	**130**	99

Notes:

a) Related party relationship is as identified by the management and relied upon by the auditors.

b) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable.

c) Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.

d) Terms and conditions of sales and purchases: the sales and purchases transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended 31st March, 2020, the Company has not recorded any loss allowances for transactions between the related parties.

41 In terms of para 4 of Ind As 108 "Operating Segments", segment information has been provided in the notes to Consolidated Financial Statements.

42 ASSETS PROVIDED AS SECURITY

The carrying amounts of assets provided as security for current and non-current borrowings are:

	As at 31 March, 2020	As at 31 March, 2019
Current Assets		
Financial Assets		
Trade receivables	**31260**	38741
Non Financial Assets		
Inventories (excluding commercial premises)	**89057**	74371
Total Current assets provided as security	**120317**	113112
Non Current Assets		
Plant and Equipment	**80299**	78816
Moulds & Dies	**12255**	12801
Total non-current assets provided as security	**92554**	91617
Total assets provided as security	**212871**	204729

Notes:

1. Term Loans from banks are secured as first pari passu charge basis on movable properties of the Company viz. plant and equipment & moulds, both present and future, situated at all the locations of the Company.
2. Working Capital Loans from banks are secured against:

   First pari passu charge by way of hypothecation of stocks and book debts, both present and future

   Second / subservient charge on all movable properties of the Company viz. plant and equipment & moulds, both present and future, situated at all the locations of the Company.

43 Post GST, pending notification from the West Bengal Government, the Company has not recognized (Amount not ascertainable) benefit of Industrial Promotion Assistance Scheme pertaining to its Kharagpur Unit since July'2017. The Company is hopeful of continuance of the Scheme and benefits accruing therefrom.

Notes to the financial statements for the year ended 31st March, 2020

₹ in Lakhs

44 NET - DEBT RECONCILIATION

Particulars	As at March 31, 2020		As at March 31, 2019	
	Term Loans	**Working Capital Loans**	Term Loans	Working Capital Loans
Opening Net Debt	**147**	**16307**	1673	23156
Proceeds from Borrowings	**–**	**65847**	–	42500
Repayment of Borrowings (Net)	**(35)**	**(41507)**	(1538)	(49785)
Interest Expenses	**–**	**2408**	–	3109
Interest Paid	**–**	**(2569)**	–	(2950)
Foreign Exchange (Gain)/loss	**–**	**572**	–	278
Unwinding of discount on deferred sales tax	**10**	**–**	13	–
Closing Net Debt	**122**	**41059**	147	16307

45 PAYMENT TO AUDITORS

(Including Branch auditors excluding GST)	**2019 - 2020**	2018 - 2019
Audit fees	**60**	60
Tax audit fees	**18**	18
Limited review and certification fees	**11**	11
Reimbursement of expenses	**4**	4
TOTAL PAYMENT TO AUDITORS	**93**	93

46 CORPORATE SOCIAL RESPONSIBILITY

	2019 - 2020	2018 - 2019
Amount required to be spent as per Section 135 of Companies Act, 2013	**1172**	1006
Amount Spent during the year		
(a) Construction/Acquisition of assets	**–**	–
(b) On purpose other than above*	**1579**	1050

* it include ₹ 505 lakhs commited and spent subsequent to 31st March, 2020.

47 Miscellaneous expenses (Refer note 30) includes contribution to an electoral trust of ₹ 275 Lakhs (Previous year NIL).

48 a) On March 31, 2020, the company has divested its 20.67% stake in Kumi Supreme India Pvt Ltd, an associate, to Kumi (Thailand) Co. Ltd for a consideration of ₹ 2432 Lakhs and recognised loss on sale of invesement of ₹ 77 Lakhs (Refer note no 30). Consequently, Kumi Supreme India Private Ltd now ceases to be an associate of the Company.

b) In previous year, consequent to the approval received from Shareholders and in pursuance to Business Transfer Agreement, the Company had transferred its Khushkhera Unit, engaged in manufacture of Plastic Automotive Components, on a slump sale basis to a Kumi Supreme India Pvt Ltd, a newly formed Joint Venture Company. Accordingly, gain on sale of the said undertaking amounting to ₹ 7044 lakhs had been recognised and disclosed as Exceptional Item.

49 a) The previous year figures have been re-grouped / re-classified wherever required to conform to current year classification. All figures of financials has been rounded off to nearest lakhs rupees.

b) Previous years figures are not comparable, to the extent, on account of adoption of Ind AS 116 using modified retrospective approach. (Refer Note 36)

Signature to Notes 1-49
For and on behalf of the board

B. L. Taparia
Chairman
(DIN No. 00112438)

M. P. Taparia
Managing Director
(DIN No. 00112461)

S. J. Taparia
Executive Director
(DIN No. 00112513)

V. K. Taparia
Executive Director
(DIN No. 00112567)

B. V. Bhargava
Director
(DIN No. 00001823)

Y. P. Trivedi
Director
(DIN No. 00001879)

R. M. Pandia
Director
(DIN No. 00021730)

Ameeta Parpia
Director
(DIN No. 02654277)

P. C. Somani
Chief Financial Officer

R. J. Saboo
VP (Corporate Affairs) & Company Secretary

Mumbai, 22nd May 2020