Independent Auditor's Report

To The Members of Deepak Nitrite Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Deepak Nitrite Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") , which comprise the Consolidated Balance Sheet as at 31st March 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Revenue recognition** Revenue recognition is significant audit risk across all units within the Company. Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers".	**Principal Audit Procedures** Our audit consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • We evaluated the design of internal controls relating to revenue recognition. • We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection. • We have tested sample of Sale transactions to their respective customer contracts, underlying invoices and related documents. We have performed cut-off procedures for sample of revenue transactions at year-end in order to conclude on whether they were recognised in accordance with Ind-AS 115.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Inventory Valuation at component as reported by component auditor** Inventory valuation is a key audit matter as the prices of raw materials, primarily being crude based and consequently the finished goods tend to vary significantly during the accounting period. Inventory is valued at lower of cost or net realizable value and complex calculations are involved in arriving at carrying value.	**Principal Audit Procedures** As principal auditors, we had issued written communication to the auditor of the component ('Other Auditors') for audit procedures to be performed. In accordance with such communication, the procedures performed by the Other Auditors, as reported by them, have been provided below: We have : • Assessed the inventory valuation practices and checked the workings on a test check basis. • Checked the valuation of inventory of raw material, WIP and finished goods on the basis of the production norms made available by the management. Additionally, audit oversight procedures carried out by us over the work performed by the Other Auditors consisted of : a) Reviewing a written summary of the audit procedures performed by the Other Auditors. b) Discussing with Other Auditors and the Management of component to understand the inventory valuation practices and the basis of valuations.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 166,856.40 lacs as at 31st March, 2019, total revenues of Rs. 92,811.36 lacs and net cash outflows amounting to Rs. 813.41 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

One of the subsidiary company is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the country and which have been audited by other auditor under generally accepted auditing standards applicable in the country. The Parent's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent and audited by us.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

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

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parents on 31st March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group ;

      ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: 3rd May, 2019

Annexure "A" to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Deepak Nitrite Limited (hereinafter referred to as "Parent") and its subsidiary company which is company incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is company incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which is company incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTER

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: 3rd May, 2019

Consolidated Balance Sheet as at March 31, 2019

₹ in Lakhs

		Notes	As at March 31, 2019	As at March 31, 2018
I.	**ASSETS**			
	Non-Current Assets			
	(a) Property, Plant and Equipment	2	1,70,056.75	58,291.07
	(b) Capital Work-in-Progress	2	3,386.79	95,450.66
	(c) Other Intangible Assets	3	1,526.68	465.26
	(d) Financial Assets			
	Investments	4	239.42	234.99
	Loans	5	135.51	131.01
	Other Financial Assets	6	675.67	992.02
	(e) Non-Current Tax Assets (Net)	7	204.08	265.62
	(f) Other Non-Current Assets	8	381.37	3,937.54
	Total Non-Current Assets		**1,76,606.27**	**1,59,768.17**
	Current Assets			
	(a) Inventories	9	41,073.15	32,541.59
	(b) Financial Assets			
	Investments	10	-	2,941.69
	Trade Receivables	11	57,496.42	41,177.18
	Cash and Cash Equivalents	12.A	296.04	942.66
	Bank balances other than Cash and Cash Equivalents above	12.B	2,280.95	3,877.28
	Other Financial Assets	13	190.66	1,871.07
	(c) Other Current Assets	14	14,800.35	15,872.49
	(d) Assets classified as held for sale		34.61	63.87
	Total Current Assets		**1,16,172.18**	**99,287.83**
	TOTAL ASSETS		**2,92,778.45**	**2,59,056.00**
II.	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	15	2,727.86	2,727.86
	(b) Other Equity	16	1,04,430.60	89,485.97
	Total Equity		**1,07,158.46**	**92,213.83**
	Non-Current Liabilities			
	(a) Financial Liabilities	17		
	Borrowings	18	86,986.39	55,045.79
	(b) Provisions	19	1,144.23	793.73
	(c) Deferred Tax Liabilities (Net)	20	7,746.00	4,540.19
	(d) Other Non-Current Liabilities		1,380.41	1,702.99
	Total Non-Current Liabilities		**97,257.03**	**62,082.70**
	Current Liabilities			
	(a) Financial Liabilities			
	Borrowings	21	25,505.29	33,157.01
	Trade Payables			
	Total outstanding dues of			
	a) micro enterprises and small enterprises	22	777.43	104.43
	b) creditors other than micro enterprises and small enterprises	22	49,678.25	48,891.54
	Other Financial Liabilities	23	9,594.54	11,069.47
	(b) Provisions	17	762.09	353.82
	(c) Current Tax Liabilities (Net)	24	374.37	-
	(d) Other Current Liabilities	25	1,670.99	11,183.20
	Total Current Liabilities		**88,362.96**	**1,04,759.47**
	Total Liabilities		**1,85,619.99**	**1,66,842.17**
	TOTAL EQUITY AND LIABILITIES		**2,92,778.45**	**2,59,056.00**
	Significant Accounting Policies	1		

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

KARTIKEYA RAVAL
Partner

D.C. MEHTA
Chairman & Managing Director
DIN: 00028377

SANJAY UPADHYAY
Director-Finance & CFO
DIN: 01776546

UMESH ASAIKAR
Executive Director & CEO
DIN: 06595059

ARVIND BAJPAI
Company Secretary
Membership No: F6713

SUDHIN CHOKSEY
Director
DIN: 00036085

SUDHIR MANKAD
Director
DIN: 00086077

SANDESH ANAND
Director
DIN: 00001792

Ahmedabad: May 03, 2019

Vadodara: May 03, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

₹ in Lakhs

		Notes	2018-19	2017-18
I.	Revenue from Operations	26	2,69,992.45	1,67,618.20
II.	Other Income	27	1,512.00	1,229.27
III.	**Total Income (I+II)**		**2,71,504.45**	**1,68,847.47**
IV.	**Expenses:**			
	(a) Cost of Materials Consumed	28	1,74,826.92	84,058.07
	(b) Purchase of Traded Goods	29	5,201.73	18,749.93
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	30	(15,359.07)	1,070.78
	(d) Excise Duty on Sale of Goods		-	2,472.80
	(e) Employee Benefits Expense	31	17,977.25	13,615.26
	(f) Power & Fuel Expenses	32	20,732.97	11,987.90
	(g) Finance Costs	33	8,324.54	4,514.74
	(h) Depreciation and Amortisation Expense	34	7,779.27	5,259.97
	(i) Other Expenses	35	25,223.03	16,032.85
	Total Expenses (IV)		**2,44,706.64**	**1,57,762.30**
V.	**Profit Before Tax (III-IV)**		**26,797.81**	**11,085.17**
VI.	**Tax Expense:**			
	(a) Current Tax		6,073.99	2,595.30
	(b) Deferred Tax		3,357.69	876.81
	(c) Excess Provision of Earlier Years		-	(288.51)
VII.	**Profit for the Year (V-VI)**		**17,366.13**	**7,901.57**
VIII.	**Other Comprehensive Income**			
	(A) Items that will not be Reclassified to Profit and Loss:			
	(a) Remeasurement of Defined Benefit Obligations (Net)		(443.59)	108.69
	(b) Tax Effect of Remeasurement of Defined Benefit Liabilities / (Assets)		154.57	(37.01)
	(B) Items that will be Reclassified to Profit and Loss:			
	(a) Fair Value Gains on Investments		7.84	20.97
	(b) Tax effect of Fair Value Gains on Investments		(2.73)	(7.13)
	Total Other Comprehensive Income for the Year (VIII)		**(283.91)**	**85.52**
IX.	**Total Comprehensive Income for the Year (VII+VIII)**		**17,082.22**	**7,987.09**
X.	**Profit is attributable to**			
	Owners of the company		17,366.13	7,901.57
	Non-Controlling Interest		-	-
XI.	**Other Comprehensive Income is attributable to:**			
	Owners of the company		(283.91)	85.52
	Non-Controlling Interest		-	-
XII.	**Total Comprehensive Income is attributable to:**			
	Owners of the company		17,082.22	7,987.09
	Non-Controlling Interest		-	-
	Earnings Per Equity Share			
	(a) Basic (Nominal Value per Share ₹ 2)		12.73	6.00
	(b) Diluted (Nominal Value per Share ₹ 2)		12.73	6.00

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

KARTIKEYA RAVAL
Partner

D.C. MEHTA
Chairman & Managing Director
DIN: 00028377

SANJAY UPADHYAY
Director-Finance & CFO
DIN: 01776546

UMESH ASAIKAR
Executive Director & CEO
DIN: 06595059

ARVIND BAJPAI
Company Secretary
Membership No: F6713

SUDHIN CHOKSEY
Director
DIN: 00036085

SUDHIR MANKAD
Director
DIN: 00086077

SANDESH ANAND
Director
DIN: 00001792

Ahmedabad: May 03, 2019

Vadodara: May 03, 2019

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

		2018-19	2017-18
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit for the year	17,366.13	7,901.57
	Add: Income Tax Expense recognised in the consolidated statement of Profit and Loss	9,431.68	3,183.60
	Profit Before Tax	**26,797.81**	**11,085.17**
	Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
	1. Depreciation / Amortisation	7,779.27	5,275.97
	2. Loss on Sale of Fixed Assets	428.46	547.34
	3. Provision for Doubtful Debts	73.28	314.57
	4. Gain on redemption of investment	(46.96)	(395.37)
	5. Interest expenses	8,324.54	4,514.74
	6. Interest Income	(147.77)	(155.88)
	7. Dividend Income	(0.01)	(0.01)
	8. Fair Value Gains	(0.37)	(9.64)
	9. Amortisation Expense		1.05
	Operating Profit Before Change in Operating Assets and Liabilities	**43,208.25**	**21,177.94**
	Movements in Working Capital :		
	1. (Increase)/Decrease in Inventories	(8,517.08)	(15,825.23)
	2. (Increase)/Decrease in Trade Receivables	(16,185.75)	(5,304.06)
	3. (Increase)/Decrease in Non Current Loans	(4.50)	4.93
	4. (Increase)/Decrease in Other Financial Assets	212.80	508.13
	5. (Increase)/Decrease in Other Assets	1,025.19	(7,982.04)
	6. Increase/(Decrease) in Trade Payables	1,277.14	26,612.13
	7. Increase/(Decrease) in Other financial liabilities	(9,429.86)	(6.28)
	8. Increase/(Decrease) in Other liabilities	77.25	1,834.03
	9. Increase/(Decrease) in Provisions	315.18	66.29
	Cash Generated from Operations	**11,978.62**	**21,085.84**
	Less: Income Tax paid (net of refund)	5,609.28	2,785.90
	Net Cash Inflow from Operating Activities (A)	**6,369.34**	**18,299.94**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	1. Purchase of Property, Plant & Equipment, including Capital Work in Progress, Capital Advances & Payable for Capital Expenditure	(24,273.80)	(62,174.28)
	2. Purchase of Intangible Assets	(1,279.20)	(53.95)
	3. Proceeds from Sale of Property, Plant & Equipment	169.90	111.96
	4. Insurance claims received	1,782.71	750.00
	5. Proceeds from Redemption of Investment	-	527.96
	6. Purchase of Current Investments	(10,777.79)	(29,664.77)
	7. Proceeds from sale/maturity of Current Investments	13,765.30	38,194.47
	8. Deposit with bank	1,807.37	(3,026.22)
	9. Interest received	157.04	155.44
	10. Dividend received	0.01	0.01
	11. Increase/(Decrease) in Liabilities related to Capital Assets	2,393.34	2,706.62
	Net Cash Outflow from Investing Activities (B)	**(16,255.12)**	**(52,472.77)**

₹ in Lakhs

	2018-19	2017-18
(C) CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds from issue of Equity Shares including Securities Premium	-	14,627.98
2. Proceeds from Non-Current Borrowings	38,077.28	47,575.75
3. Repayment of Non-Current Borrowings	(10,451.59)	(16,812.08)
4. Net Proceeds from Current Borrowings	(7,641.92)	(4,336.32)
5. Proceeds/(repayment) from/of Short-Term Borrowings	-	(169.10)
6. Interest paid	(8,412.87)	(4,496.72)
7. Dividend paid on Equity Shares	(1,764.15)	(1,560.31)
8. Tax on Equity Dividend paid	(364.47)	(319.32)
9. Margin Money Deposit	(203.12)	21.58
Net Cash Outflow from Financing Activities (C)	**9,239.16**	**34,531.46**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(646.62)**	**358.64**
Cash and Cash Equivalents at the Beginning of the Financial Year	942.66	584.02
Cash and Cash Equivalents at the end of the Financial Year	**296.04**	**942.66**
Reconciliation of Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	135.22	929.74
In EEFC Accounts	151.02	11.45
Cash on Hand	9.80	1.47
Total Cash and Cash Equivalents as per Note 12 A	**296.04**	**942.66**

The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS 7 'Cash Flow Statement'.
The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

KARTIKEYA RAVAL
Partner

Ahmedabad: May 03, 2019

For and on behalf of the Board

D.C. MEHTA
Chairman & Managing Director
DIN: 00028377

UMESH ASAIKAR
Executive Director & CEO
DIN: 06595059

SUDHIN CHOKSEY
Director
DIN: 00036085

SANJAY UPADHYAY
Director-Finance & CFO
DIN: 01776546

ARVIND BAJPAI
Company Secretary
Membership No: F6713

SUDHIR MANKAD
Director
DIN: 00086077

SANDESH ANAND
Director
DIN: 00001792

Vadodara: May 03, 2019

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(A) EQUITY SHARE CAPITAL

₹ in Lakhs

	Note	Amount
As at March 31, 2017		**2,614.23**
Issued during the year (Refer Note 15 (b) (iv))		113.64
As at March 31, 2018	**15**	**2,727.87**
Issued during the year		-
As at March 31, 2019		**2,727.87**

(B) OTHER EQUITY

₹ in Lakhs

	Reserves and Surplus					Other Comprehensive Income	Total
	Retained Earnings	Capital Reserve	General Reserve	Capital Redemption Reserve	Securities Premium Reserve	Equity Instruments through Other Comprehensive Income	
Balance as at March 31, 2017	**32,475.72**	**71.27**	**7,390.13**	**15.00**	**28,902.22**	**18.04**	**68,872.38**
Profit for the year	7,901.57	-	-	-	-	-	7,901.57
Other Comprehensive income	71.68	-	-	-	-	13.84	85.52
Dividend	(1,568.53)	-	-	-	-	-	(1,568.53)
Tax on dividend	(319.32)	-	-	-	-	-	(319.32)
Transfer to/from retained earnings	-	-	-	-	-	-	-
Receipt of Securities Premium from issue of Equity Shares to Qualified Institutional Buyers (Net) (Refer Note 15 (b) (iv))	(500.00)	-	500.00	-	14,514.34	-	14,514.34
Balance as at March 31, 2018	**38,061.12**	**71.27**	**7,890.13**	**15.00**	**43,416.56**	**31.88**	**89,485.97**
Profit for the year	**17,366.13**	**-**	**-**	**-**	**-**	**-**	**17,366.13**
Other Comprehensive income	(289.02)	-	-	-	-	5.11	(283.91)
Dividend	(1,773.11)	-	-	-	-	-	(1,773.11)
Tax on dividend	(364.47)	-	-	-	-	-	(364.47)
Transfer to/from retained earnings	(500.00)	-	500.00	-	-	-	-
Balance as at March 31, 2019	**52,500.65**	**71.27**	**8,390.13**	**15.00**	**43,416.56**	**36.99**	**1,04,430.60**

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

KARTIKEYA RAVAL
Partner

Ahmedabad: May 03, 2019

For and on behalf of the Board

D.C. MEHTA
Chairman & Managing Director
DIN: 00028377

SANJAY UPADHYAY
Director-Finance & CFO
DIN: 01776546

UMESH ASAIKAR
Executive Director & CEO
DIN: 06595059

ARVIND BAJPAI
Company Secretary
Membership No: F6713

SUDHIN CHOKSEY
Director
DIN: 00036085

SUDHIR MANKAD
Director
DIN: 00086077

SANDESH ANAND
Director
DIN: 00001792

Vadodara: May 03, 2019

Notes forming part of the Consolidated Financial Statements

as at and for the year ended March 31, 2019

COMPANY OVERVIEW

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing public limited company incorporated and domiciled in India. Its registered office is located at Aaditya-I Chhani Road, Vadodara- 390 024, Gujarat, India and its manufacturing facilities are located in the states of Gujarat, Maharashtra and Telangana.

The Company with its two subsidiaries namely Deepak Phenolics Limited and Deepak Nitrite Corporation Inc. are referred to as the Group here under.

The Group manufactures Basic Chemicals, Fine & Speciality Chemicals, Performance Products and Phenolics.

Application of New Ind AS

Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Group.

The standard permits two possible methods of transaction:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch–up approach)

The effective date of adoption of Ind AS 115 is financial period beginning on or after April 01, 2018.

The Group has adopted the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. There is no material impact on adoption of Ind AS 115.

Changes in Accounting Standard and recent accounting pronouncements

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Group is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatment
2. Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes.
3. Ind AS 23, Borrowing costs
4. Ind AS 28 – investment in associates and joint ventures
5. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
6. Ind AS 109 – Financial instruments
7. Ind AS 19 – Employee benefits

The Group is in the process of evaluating the impact of such amendments.

1. **Significant Accounting Policies**

This Note provides a list of the significant Accounting Policies adopted by the Group in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial Statements are for the Group consisting of the Company and its subsidiary companies.

(a) I. Basis of preparation

(i) Compliance with Ind AS

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

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

(a) Certain items of Property, Plant and Equipment

(b) Certain financial assets and financial liabilities measured at fair value

(c) Derivative Financial instruments

(d) Defined benefit plan – plan assets measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(ii) Functional and Presentation Currency

Items included in the Consolidated Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘functional currency’). The Consolidated Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company.

(iii) Use of estimates and critical accounting judgements

Preparation of the Consolidated Financial Statements requires use of accounting estimates which, by definition, will be equal to the actual results. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Useful lives and residual value of property, plant and equipment

The Group reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Allowance for expected credit losses

The expected credit allowance is based on the ageing of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

Fair value of investments

The Group has invested in the equity instruments of various companies. However, the percentage of shareholding of the Group in such investee companies is very low and hence, it has not been provided with future projections including projected statement of profit and loss by those investee companies. Hence, the valuation exercise carried out by the Group with the help of an independent valuer has estimated fair value at each reporting period based on available historical annual reports and other information in the public domain.

Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

(a) II. Principles of Consolidation :

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Deepak Nitrite Limited and its subsidiaries as at 31 March 2019. The consolidated financial statements of the Group have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. The basis for preparing the consolidated financial statements is given below:

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the Financial Statements of the parent and its subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances, cashflows and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary companies are consistent with the policies adopted by the Group.

In case of foreign subsidiary revenue items are consolidated at the average rate that approximates the actual rate at the date of transaction. All monetary items are translated in to Consolidated financial statements at exchange rate in effect at the balance sheet date. Any exchange difference arising on consolidation is recognised in the Consolidated Statement of Profit and Loss.

Profit or Loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total Comprehensive Income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Name of Entity	Ownership in % Either Directly or Through Subsidiaries		Nature	Country of Incorporation
	2018-19	2017-18		
Deepak Phenolics Limited	100%	100%	Subsidiary	India
Deepak Nitrite Corporation, Inc.	100%	100%	Subsidiary	United States of America

Changes in ownership interest

When the Group ceases to consolidate or equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company or financial asset.

(b) Current versus non-current classification

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, and the Group's normal operating cycle.

An asset is treated as current when it is:

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

(ii) Held primarily for the purpose of trading;

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

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

All other assets are classified as non-current.

A liability is current when:

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

(ii) It is held primarily for the purpose of trading;

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

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of business and its activities, the Group has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

(c) Revenue Recognition

Sale of Goods

Revenue from the sale of goods is only recognized – net of Goods & Service Tax, cash discounts, discounts and rebates – if the following conditions are met:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognised in the accounting period in which the services are rendered.

Interest Income

Interest income from Financial Assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income is measured reliably. Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.

Revenue in respect of other income is recognised to the extent that the Group is reasonably certain of its ultimate realisation.

(d) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessor

Rental income from operating leases is generally recognised on a straight line basis over the term of the relevant lease.

The Group as a lessee

Assets acquired under finance leases are initially recognised at fair value or present value of Minimum Lease Payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the Statement of Profit and Loss over the lease term.

(e) Foreign Currency Transactions

In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

Exchange difference arising either on settlement or on translation, in case of long-term foreign currency borrowings, in so far as they relate to property, plant and equipment are capitalised.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Consolidated Statement of Profit and Loss immediately.

(f) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(g) Government Grants

(i) Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited in the Consolidated Statement of Profit and Loss in proportion to fulfillment of associated export obligations and presented within other income.

(iii) Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(h) Employee Benefits

(i) Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans in respect of an approved gratuity plan, the cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income and is reflected in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Consolidated Statement of Profit and Loss.

Past service cost is recognised in Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and curtailments and settlements)
- net interest expense or income; and
- remeasurement

The first two components of defined benefit costs are recognised in the Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense'. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

(ii) Short-Term and Other Long-Term Employee Benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the Present Value of the estimated future cash outflows expected to be made in respect of services provided by employees up to the reporting date.

(iii) Compensated Absence and Earned Leaves

The Group's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

(i) Income Taxes

The income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in Equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in Equity, respectively.

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as deferred tax in the Consolidated Statement of Profit and Loss. The credit available under the Act in respect of MAT paid will be recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. Such an asset is reviewed at each Consolidated Balance Sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profits.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit /(tax loss).

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

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

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Dividend distribution tax arising out of payment of dividends to shareholders under the Income Tax Act, 1961 regulation are recognised in Consolidated Statement of Changes in Equity as part of associated dividend payment.

(j) Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services are stated at cost less accumulated depreciation and accumulated impairment losses if any.

Subsequent costs are included in the carrying amount of asset 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Consolidated Statement of Profit and Loss during the period in which they are incurred.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services and are expected to be used during more than one period.

Property, plant and equipment which are not ready for intended use as on the date of Consolidated Balance Sheet are disclosed as 'Capital work-in-progress'.

Depreciation Methods, Estimated Useful Lives and Residual Value

Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 and certain components of plant & equipment such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent/ Internal Technical Personnel after taking into consideration past experience of the Group, chemical process & chemical industry norms.

Asset Category	Estimated Useful Life
Building	30 years
Plant & Equipment	3 to 40 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years
Road	5 years

Freehold land is stated at historical cost and is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

In respect of depreciable assets for which Impairment Loss is recognised, depreciation/amortisation is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the life prescribed in schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held for disposal are classified as Current Assets at lower of its carrying amount and fair value less costs to sell, difference being recognised in the Consolidated Statement of Profit and Loss.

(k) Intangible Assets

Intangible assets are stated at their original cost of acquisition, less accumulated amortisation and impairment losses, if any. An Intangible Asset is recognised, where it is probable that the future economic benefits attributable to the Asset will flow to the enterprise and where its cost can be reliably measured.

The cost of intangible assets is amortised over the estimated useful life, in any case, not exceeding ten years, on a straight-line basis. A detail of estimated useful life is given below:

Software and related implementation costs	6 years
Rights to use facilities	5 years
Technical Know How	10 years

(l) Impairment of Tangible and Intangible Assets

The carrying amount of cash generating units/assets is reviewed at the Consolidated Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term deposits (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(n) Inventories

Raw materials and components, stores and spares are valued at cost determined on period-moving weighted average basis and are net of Cenvat, VAT & GST. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Due allowances are made for slow moving and obsolete inventories based on estimates made by the Group. Items such as spare parts, stand-by equipment and servicing equipment which is not plant and equipment gets classified as inventory.

Finished Goods and Stock-in-process are valued at cost of purchase of raw materials and conversion thereof, including the cost incurred in the normal course of business in bringing the inventories up to the present condition or at the net realisable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by 'Relative Sales Value' method. By-products are valued at net realisable price.

(o) Financial Instruments

Financial Assets and Financial Liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial Assets and Financial Liabilities are initially measured at Fair Value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Consolidated Statement of Profit and Loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

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

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in Consolidated Statement of Profit and Loss and is included in the "Other Income" line item.

(iii) Investments in Equity Instruments

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'.

The cumulative gain or loss is reclassified to Consolidated Statement of Profit and Loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in Consolidated Statement of Profit and Loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery a part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Consolidated Statement of Profit and Loss are included in the 'Other income' line item.

(iv) Financial Assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the Other income or other expenses line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(v) Impairment of Financial Assets

The Group applies the expected credit loss model for recognising impairment loss on financial contractual rights to receive cash or other financial asset, and financial guarantees not designated as at assets at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses, 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at life-time expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group can again measure the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without cost or effort that is indicative of significant increases in credit risk since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the Consolidated Balance Sheet.

(vi) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part it continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(vii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Consolidated Statement of Profit and Loss.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in Other Comprehensive Income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange difference on amortised cost are recognised in Consolidated Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognised in Other Comprehensive Income.

(p) **Financial Liabilities and equity instruments**

(i) **Classification as Debt and Equity**

Debt and Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(iii) **Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a) **Financial Liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' or 'Other Expenses' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in Consolidated Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in Consolidated Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in Consolidated Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Consolidated Statement of Profit and Loss.

b) Financial Liabilities subsequently measured at Amortised Cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' or 'Other expenses'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses.

d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in Consolidated Statement of Profit and Loss.

(q) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(r) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(s) Research and Development Expenditure

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

(t) Earnings Per Share

Basic Earnings per Equity Share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Diluted Earnings per Equity Share are computed by dividing net income by the weighted average number of Equity Shares adjusted for the effects of all dilutive potential Equity Shares. Earnings considered in ascertaining the EPS is the net profit for the period after attributable tax thereto for the period.

(u) Segment Reporting - Basis of Information

Pursuant to commencement of commercial operations of plant for manufacturing Phenol and Acetone under the Company's wholly owned subsidiary, Deepak Phenolics Limited, its results have been classified under new segment "Phenolics".

Accordingly, the Group has determined 4 (four) reporting Segments, based on the information reviewed by chief operating decision maker as primary segments viz.

(i) Basic Chemicals ,

(ii) Fine & Speciality Chemicals,

(iii) Performance Products and

(iv) Phenolics.

Inter segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective of the Group.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on reasonable basis, have been included under "Other unallocable". Assets and liabilities which relate to the enterprise as a whole but are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows:

(i) India and

(ii) Outside India.

2. PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

	Owned assets								Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Road		
Net Carrying amount as at March 31, 2017	**578.68**	**3,221.05**	**9,053.59**	**43,757.28**	**496.87**	**517.10**	**189.41**	**194.38**	**58,008.36**	**34,919.04**
Additions during the year 2017-18	-	314.24	289.06	4,812.58	71.31	21.97	81.98	10.24	5,601.38	66,081.33
Deductions during the year 2017-18	-	-	-	(211.01)	(0.34)	(29.07)	(6.08)	-	(246.50)	(5,549.71)
Depreciation for the year 2017-18	-	(40.31)	(434.61)	(4,246.06)	(93.95)	(105.45)	(77.36)	(104.40)	(5,102.14)	-
Depreciation on disposal during the year 2017-18	-	-	-	16.32	0.31	7.92	5.42	-	29.97	-
Net Carrying amount as at March 31, 2018	**578.68**	**3,494.98**	**8,908.04**	**44,129.11**	**474.20**	**412.47**	**193.37**	**100.22**	**58,291.07**	**95,450.66**
Additions during the year 2018-19	-	30.84	4,400.96	113,237.40	126.85	195.70	169.05	1,750.73	119,911.53	29,126.87
Deductions during the year 2018-19	-	-	(33.52)	(614.04)	-	(68.63)	(1.87)	-	(718.06)	(121,190.73)
Depreciation for the year 2018-19	-	(50.53)	(527.52)	(6,568.06)	(105.91)	(105.64)	(89.51)	(129.76)	(7,576.94)	-
Depreciation on disposal during the year 2018-19	-	-	2.21	114.19	-	31.66	1.09	-	149.15	-
Net Carrying Amount as at March 31, 2019	**578.68**	**3,475.29**	**12,750.17**	**1,50,298.59**	**495.14**	**465.56**	**272.13**	**1,721.19**	**1,70,056.75**	**3,386.79**

Notes:

1 Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 17 and note 21.

2 Building includes ₹ 1,080.00 Lakhs (₹ 1,080.00 Lakhs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

3 The useful lives of Plant & Machinery have been changed from Financial Year 2017-18 which is based on technical evaluation done by the Management experts which are in accordance to the useful life prescribed in Part C of Schedule II to the Act, in order to reflect the actual usage of the assets.

4 Capital Work in Progress

₹ in Lakhs

	As at March 31, 2018	As at March 31, 2018
(a) Capital Work in Progress (Building)	-	397.88
(b) Capital Work in Progress (Projects)	-	76,286.90
(c) Capital Work in Progress (Others)	3,386.79	18,765.87
Capital Work in Progress (Net)	**3,386.79**	**95,450.65**

3. OTHER INTANGIBLE ASSETS

₹ in Lakhs

	Computer Software	Others	Total
Net Carrying amount as at March 31, 2017	**339.28**	**245.84**	**585.12**
Additions during the year 2017-18	53.95	-	53.95
Depreciation for the year 2017-18	(99.21)	(74.60)	(173.81)
Net Carrying amount as at March 31, 2018	**294.02**	**171.24**	**465.26**
Additions during the year 2018-19	252.66	1,026.54	1,279.20
Deductions during the year 2018-19	(1.39)	-	(1.39)
Depreciation for the year 2018-19	(135.69)	(82.10)	(217.78)
Depreciation on disposal during the year 2018-19	1.39	-	1.39
Net Carrying Amount as at March 31, 2019	**410.99**	**1,115.68**	**1,526.68**

4. NON-CURRENT INVESTMENTS

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
(a)	Investments in equity instruments of other companies measured at FVTPL	7.30	10.71
(b)	Investments in equity instruments of other companies measured at FVOCI	232.11	224.27
(c)	Investments in Government or Trust Securities measured at amortised cost	0.01	0.01
	Total	**239.42**	**234.99**

₹ in Lakhs

	Face Value	As at March 31, 2019		As at March 31, 2018	
		No. of Shares	Amount	No. of Shares	Amount
(a) Investment in Equity Instruments (fully paid-up)					
(i) Other Companies measured at FVTPL					
Quoted					
IDBI Bank	₹ 10/-	6,240	2.91	6,240	4.51
Dena Bank (Refer Note 1 below)	₹ 10/-	29,400	3.72	29,400	5.53
Unquoted					
Nandesari Environment Control Limited	₹ 10/-	800	0.08	800	0.08
Baroda Co-operative Bank Ltd.	₹ 50/-	10	0.01	10	0.01
Shamrao Vitthal Co-op Bank Ltd.	₹ 25/-	2,000	0.50	2,000	0.50
New India Co-op Bank Ltd.	₹ 10/-	798	0.08	798	0.08
(ii) Other Companies measured at FVOCI					
Unquoted					
Jedimetla Effluent Treatment Ltd.	₹ 100/-	52,342	84.56	52,342	80.08
Deepak International Limited	GBP 1/-	73,706	66.72	73,706	68.01
Deepak Gulf LLC	Omani Riyal 1/-	45,000	80.83	45,000	76.18
(b) Investments in Government or Trust Securities measured at amortised cost					
National Savings Certificate		-	0.01	-	0.01
Total		**2,10,296**	**239.42**	**2,10,296**	**234.99**

Note:

1. The Group has received 3,234 shares of Bank of Baroda in the scheme of amalgamation against 29,400 shares of the Dena Bank in the month of April 2019.

2.

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
(a)	Aggregate amount of Unquoted Investments	232.79	224.95
(b)	Aggregate amount of Quoted Investments	6.63	10.04

5. LOANS

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
Loans to Employees			
Unsecured, considered good			
(a)	Key Managerial Personnel and Directors	0.27	0.89
(b)	Others	135.24	130.12
Total		**135.51**	**131.01**

These financial assets are carried at amortised cost.

6. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Security Deposits		
Unsecured, considered good		
(a) Related parties (Refer Note below)	-	383.09
(b) Others	675.67	608.93
Total	**675.67**	**992.02**

Security Deposits from related parties for the previous year include Deposit towards lease of residential premises of ₹ 400.00 Lakhs accounted at Fair Value using appropriate discount rate.

7. NON-CURRENT TAX ASSETS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Non-Current Tax Assets		
Advance Income Tax (Net of provisions)	204.08	265.62
Total	**204.08**	**265.62**

8. OTHER NON-CURRENT ASSETS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) Capital Advances	258.02	3,834.69
(b) Prepaid Expenses	29.15	37.31
(c) Advance against Salary	94.20	65.54
Total	**381.37**	**3,937.54**

9. INVENTORIES [AT LOWER OF COST AND NET REALISABLE VALUE]

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) Raw materials and components	12,181.09	18,410.58
Goods-in-transit	2,715.78	3,427.14
	14,896.87	21,837.72
(b) Stores and Spares	2,371.40	1,683.39
(c) Traded goods	-	1,967.45
Sub-Total	**17,268.27**	**25,488.56**
(d) Work-in-progress	5,877.79	3,820.16
(e) Finished goods	18,675.69	3,406.80
Provision for obsolescence	(748.60)	(173.93)
Sub-Total	**23,804.88**	**7,053.03**
Total	**41,073.15**	**32,541.59**

Inventories hypothecated as security for borrowings are disclosed under note 17 and note 21.

10. CURRENT INVESTMENTS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Investments measured at FVTPL (Quoted)		
Investments in Mutual Funds	-	2,941.69
Total	-	**2,941.69**

11. TRADE RECEIVABLES

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Current		
(a) Unsecured, Considered Good		
(i) Trade Receivables	57,100.13	40,668.72
(ii) Related Parties	396.29	508.46
(b) Trade Receivables - Credit Impaired	718.97	645.73
Allowance for credit losses	(718.97)	(645.73)
Total	**57,496.42**	**41,177.18**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 30 to 180 days. For financial risk related to Trade Receivables refer note 41.5 and 41.6.

Trade receivables hypothecated/mortgaged as security for borrowings are disclosed under note 17 and note 21.

12A. CASH AND CASH EQUIVALENTS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) Cash on hand	9.80	1.47
(b) Balances with banks		
In Current accounts	135.22	929.74
In EEFC Accounts	151.02	11.45
Total	**296.04**	**942.66**

12B. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) Earmarked Balances with Bank	72.26	64.33
(b) Deposits with banks with maturity less than 3 months	-	3,026.22
(c) Deposits with banks with maturity more than 3 months but less than 12 months (Refer Note below)	2,003.76	-
(d) Margin Money Deposits		
- Maturity less than 3 months	204.93	707.43
- Maturity more than 3 months but less than 12 months	-	79.30
Total	**2,280.95**	**3,877.28**

Deposit to bank is given for Debt Service Reserve Account (DSRA).

13. OTHER CURRENT FINANCIAL ASSETS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
(a) Loans to employees		
(i) Key Managerial Personnel and Directors	0.62	0.62
(ii) Others	76.29	124.07
(b) Interest Receivable	59.58	68.86
(c) Insurance Claim Receivable (Refer Note (i) below)	-	1,446.03
(d) Security Deposits	15.03	9.62
(e) Earnest Money	15.61	11.23
(f) Loan to Company (Refer Note (ii) below)	-	187.90
(g) Others	23.53	22.74
Total	**190.66**	**1,871.07**

(i) With respect to fire incident in October 2016, the Company had provisionally recognised ₹ 2,250 Lakhs (₹ 1,832.90 Lakhs Net of loss on account of fire) both for replacement value of the damaged facilities and loss of profits due to business interruption in the previous year ended March 31, 2018 . During the current year, upon final settlement of both the claims the Company recognised ₹ 348.36 Lakhs in the Statement of Profit and Loss under Fine & Speciality Chemicals Segment.

(ii) Loans to Company have been given for business purpose.

14. OTHER CURRENT ASSETS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
(a) Balance with Government Authorities	11,534.82	14,243.91
(b) Prepaid Expenses	387.57	387.65
(c) Advances to Suppliers	2,866.33	1,224.82
(d) Other Receivables	11.63	16.11
Total	**14,800.35**	**15,872.49**

15. EQUITY SHARE CAPITAL

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Authorised		
15,00,00,000 Equity shares of ₹ 2 each	3,000.00	3,000.00
20,00,000 Preference shares of ₹ 100 each	2,000.00	2,000.00
Total	**5,000.00**	**5,000.00**
Issued, Subscribed and fully paid up		
Equity shares of ₹ 2 each	2,727.86	2,727.86
Total	**2,727.86**	**2,727.86**

(a) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the period:

₹ in Lakhs

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Shares outstanding at the beginning of the period	13,63,93,041	2,727.86	13,07,11,266	2,614.23
Issued during the year- issued to QIB (Refer Note (b) (iv) below)	-	-	56,81,775	113.64
Shares outstanding at the end of the period	**13,63,93,041**	**2,727.86**	**13,63,93,041**	**2,727.86**

(b) Shares:- Terms/Rights:

(i) The Company has Authorised capital of Equity and Preference shares.

(ii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend recommended by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

(iii) In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders. No preferential amounts exist as on the Balance Sheet date.

(iv) During the previous year, the Company offered Equity Shares to Qualified Institutional Buyers ("QIBs") through Qualified Institutions Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 56,81,775 Equity Shares of ₹ 2/- each were allotted to QIBs on January 30, 2018 at an issue price of ₹ 264 per Equity Share (including premium of ₹ 262 per Equity Share).

The issue proceeds has been fully utilised for the object stated in the offer document.

(c) Details of shares held by each shareholder holding more than 5% Equity shares of ₹ 2 each fully paid in the Company :

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No.	% Holding	No.	% Holding
Shri Deepak Chimanlal Mehta	2,12,16,331	15.56	2,12,36,331	15.57
Stiffen Credits & Capital Pvt. Ltd.	83,79,940	6.14	83,79,940	6.14
Reliance Capital Trustee Co. Ltd.	74,97,953	5.50	64,21,199	4.71
Aditya Birla Sun Life Trustee Private Limited	73,58,733	5.40	40,88,798	3.00
Checkpoint Credits & Capital Pvt. Ltd.	72,06,050	5.28	72,06,050	5.28
Stepup Credits & Capital Pvt. Ltd.	69,15,580	5.07	69,15,580	5.07

(d) During the year 2014-15, Company has allotted 52,269,095 Bonus Equity Shares of ₹ 2/- (Rupees Two Only) each, fully paid up, in the ratio of 1:1 (one Bonus Equity Shares of ₹ 2/- each).

16. OTHER EQUITY

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Reserves & Surplus		
(a) Retained Earnings	52,500.65	38,061.12
(b) General Reserve	8,390.13	7,890.13
(c) Capital Reserve	71.27	71.27
(d) Capital Redemption Reserve	15.00	15.00
(e) Securities Premium	43,416.56	43,416.56
Reserves Representing Unrealised Gains/(Losses)		
Equity Instruments through Other Comprehensive Income	36.99	31.88
Total	**1,04,430.60**	**89,485.97**

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
(a)	**Retained Earnings**		
	Balance at beginning of year	38,061.12	32,475.72
	Add: Profit attributable to owners of the Company (Profit for the year)	17,077.11	7,973.25
	Less: Payment of Dividend on Equity Shares	1,773.11	1,568.53
	Less: Payment of Dividend distribution tax	364.47	319.32
	Less: Transferred to General Reserve	500.00	500.00
	Balance at end of year	**52,500.65**	**38,061.12**
	Retained earnings represents the Company's undistributed earnings after taxes.		
(b)	**General Reserve**		
	Balance at beginning of year	7,890.13	7,390.13
	Add: Transferred from Surplus Balance in the Statement of Profit and Loss	500.00	500.00
	Balance at end of year	**8,390.13**	**7,890.13**
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes as per Companies Act, 2013. As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.		
(c)	**Capital Reserve**		
	Balance at beginning of year	71.27	71.27
	Balance at end of year	**71.27**	**71.27**
(d)	**Capital Redemption Reserve**		
	Balance at beginning of year	15.00	15.00
	Balance at end of year	**15.00**	**15.00**
	Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the debentures. The Company has redeemed the underlying debentures in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.		
(e)	**Securities Premium**		
	Balance at beginning of year	43,416.56	28,902.22
	Add: Receipt of Securities Premium from issue of Equity Shares to QIBs	-	14,886.25
	Less: Share issue Expenses	-	371.91
	Balance at end of year	**43,416.56**	**43,416.56**
	Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Companies Act, 2013. Share issue expenses includes fees of Statutory Auditors of ₹ 15.00 Lakhs in the previous year for work related to Qualified Institutions Placement.		
(f)	**Reserve for equity instruments through other comprehensive income**		
	Balance at beginning of year	31.88	18.04
	Add: Gain on revaluation of Equity Instruments	5.11	13.84
	Balance at end of year	**36.99**	**31.88**
	This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		

17. NON-CURRENT BORROWINGS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Term Loans from Banks at amortised cost		
Secured	91,146.39	57,547.38
Unsecured	2,000.00	7,950.00
Sub-Total	**93,146.39**	**65,497.38**
Less:		
Current maturities of Non-Current Borrowings disclosed under "Other Current Financial Liabilities" (Refer Note 23 (a))	6,160.00	10,451.59
Total	**86,986.39**	**55,045.79**

Secured Term Loans:-

Term loan from Banks are secured by first pari passu charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, and second charge on entire current assets of the Company, both present and future.

Repayment Schedule:-

(i) Rate of interest of Rupee loan from Banks are in the range of MCLR plus 0.00% to 2.20% p.a. and is repayable on monthly/quarterly basis with last installment payable from April, 2020 to December, 2028.

(ii) Rate of interest of External Commercial Borrowings are in the range of LIBOR plus 2.65% p.a. and is repayable on quarterly/half-yearly basis with a step up repayment schedule and last installment paid on November, 2018.

(iii) Unsecured Term Loan from Banks is repayable on quarterly basis with last installment payable in September, 2019.

18. PROVISIONS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for Employee Benefit Obligations		
Provision for leave benefits (Refer Note 39 B)	1,144.23	793.73
Total-Non-Current	**1,144.23**	**793.73**
Current		
Provision for Employee benefit obligations		
Provision for leave benefits (Refer Note 39 B)	334.26	341.39
Provision for Gratuity (Refer Note 39 (A)(iii))	427.83	12.43
Total-Current	**762.09**	**353.82**

19. DEFERRED TAX LIABILITY (NET)

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Property, Plant and Equipment	10,983.74	8,204.75
Total Deferred Tax Liability (a)	**10,983.74**	**8,204.75**
(b) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B and Others	2,071.38	1,186.71
MAT Credit Entitlement	1,166.36	2,477.85
Total Deferred Tax Asset (b)	**3,237.74**	**3,664.56**
Deferred Tax Liability (Net) (a-b)	**7,746.00**	**4,540.19**

20. OTHER NON-CURRENT LIABILITIES

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Export Obligations	1,380.41	1,702.99
Total	**1,380.41**	**1,702.99**

21. CURRENT BORROWINGS

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Working Capital Borrowings from Banks		
(a) Secured	22,166.86	21,012.82
(b) Unsecured	1,383.43	9,488.35
Unsecured Short term Borrowings from Related Parties (Refer note (iv) below)	1,955.00	2,650.00
Buyers Credit for capital goods (Refer note (v) below)	-	5.84
Total	**25,505.29**	**33,157.01**

(i) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as MCLR of respective banks plus spread ranging from 0% - 1.30% p.a., Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.20% p.a. to 1.50% p.a. These borrowings are repayable on demand.

(ii) Working Capital borrowings are secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Property, Plant & Equipment by way of hypothecation and mortgage.

(iii) Commercial Paper placed by the Company during the year are unsecured and carries interest rate ranging from 7.20% p.a. to 8.60% p.a., tenure of each placement ranging from 55 days to 90 days.

(iv) Short term Borrowings from Related parties includes unsecured loan taken from related parties carrying interest rate of 10.50% p.a.

(v) Buyers Credit for capital goods against Letter of Undertaking carrying rate of interest ranging from 0.27% p.a. to 0.40 % p.a. availed against sublimit of project loan of ₹ 84,000.00 Lakhs.

22. TRADE PAYABLES

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
(a) To outstanding dues of Micro, Small and Medium Enterprises	777.43	104.43
(b) To outstanding dues of creditors other than Micro, Small and Medium Enterprises	49,678.25	48,891.54
Total	**50,455.68**	**48,995.97**

The average credit period on goods purchased or services received ranges between 30 days to 180 days.

23. OTHER CURRENT FINANCIAL LIABILITIES

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
(a)	Current maturities of Long term Borrowings (Refer Note 17)	6,160.00	10,451.59
(b)	Security Deposits	587.40	330.42
(c)	Investor Education and Protection Fund will be credited by following amounts (as and when due)		
	Unpaid Dividend	70.02	61.06
	Unclaimed Matured Deposits (Refer Note below)	7.44	7.84
	Unpaid Interest on Matured Fixed Deposits	2.24	3.27
(d)	Interest accrued but not due on Borrowings	364.96	201.27
(e)	Others	2,402.48	14.02
	Total	**9,594.54**	**11,069.47**

The Unclaimed Matured deposits of ₹ 7.44 Lakhs outstanding as at March 31, 2019 represents an aggregate amount of certain cheques issued towards compulsory repayment of the outstanding fixed deposits as on March 31, 2015, which have not been presented to the bank for payment by the depositors.

24. CURRENT TAX LIABILITIES

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Current Tax Liabilities		
Provision for Tax (Net of Advances)	374.37	-
Total	**374.37**	**-**

25. OTHER CURRENT LIABILITIES

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
(a)	Advances received from Customers	650.10	90.65
(b)	Payable for capital expenditure	585.96	10,530.04
(c)	Statutory Dues	434.93	562.51
	Total	**1,670.99**	**11,183.20**

26. REVENUE FROM OPERATIONS

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Sale of Products		
	Finished Goods	2,59,593.97	1,43,010.21
	Traded Goods	6,955.16	19,647.60
(b)	Sale of Services	970.85	884.21
(c)	Other Operating Revenue		
	- Export Incentives	1,773.90	1,605.45
	- Scrap Sale	328.09	218.76
	- Insurance Claims (Refer Note 13 (i))	370.48	2,251.97
	Total	**2,69,992.45**	**1,67,618.20**

27. OTHER INCOME

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Amortised Export Obligation	322.56	-
(b)	Interest Income	147.77	155.88
(c)	Profit on redemption of Investments	46.96	395.36
(d)	Rent	12.18	10.48
(e)	Penalties recovered	909.71	-
(f)	Miscellaneous Receipts	72.81	36.59
(g)	Dividend Income	0.01	0.01
(h)	Foreign Exchange Gain	-	223.42
(i)	Fair Value Gains on Financial Assets	-	9.65
(j)	Write back of provision for Impairment	-	397.88
Total		**1,512.00**	**1,229.27**

28. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Raw Material and Components Consumed		
	Inventory at the beginning of the year	18,410.58	5,292.93
	Add: Purchases during the year	165,938.53	94,738.58
		184,349.11	100,031.51
	Less: Inventory at the end of the year	12,181.09	18,410.58
	Cost of Raw Material and Components Consumed	**1,72,168.02**	**81,620.93**
(b)	Packing Material Consumed	2,658.90	2,437.14
	Cost of Packing Material and Consumed	**2,658.90**	**2,437.14**
Total		**1,74,826.92**	**84,058.07**

29. PURCHASE OF TRADED GOODS

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Purchase of Finished Goods for Resale	5,201.73	18,749.93
Total	**5,201.73**	**18,749.93**

30. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Inventories at the beginning of the year		
Stock in Process	3,820.16	3,529.68
Finished Goods	3,406.80	4,086.43
Traded Goods	1,967.45	2,649.08
	9,194.41	**10,265.19**
Less:		
Inventories at the end of the year		
Stock in Process	5,877.79	3,820.16
Finished Goods	18,675.69	3,406.80
Traded Goods	-	1,967.45
	24,553.48	**9,194.41**
Total	**(15,359.07)**	**1,070.78**

31. EMPLOYEE BENEFITS EXPENSE

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Salaries & Wages	16,213.63	12,126.95
(b)	Contribution to provident fund and other funds (Refer Note 39C)	813.03	696.41
(c)	Gratuity Expenses (Refer Note 39A(iv))	131.25	129.30
(d)	Staff Welfare Expenses	819.34	662.60
Total		**17,977.25**	**13,615.26**

32. POWER & FUEL EXPENSES

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Consumption of Gas	2,091.39	2,404.45
(b)	Consumption of Furnace Oil	1,324.35	714.61
(c)	Consumption of High Speed Diesel	129.19	93.80
(d)	Consumption of Coal & Coke	6,393.84	3,556.30
(e)	Electricity Expenses	9,833.23	4,565.45
(f)	Water Charges	944.46	621.33
(g)	Other Expenses	16.51	31.96
	Total	**20,732.97**	**11,987.90**

33. FINANCE COSTS

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Interest on Borrowings	7,529.23	4,116.81
(b)	Exchange difference to the extent considered as an adjustment to Borrowing Costs	795.31	397.93
	Total	**8,324.54**	**4,514.74**

34. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Depreciation on Tangible assets	7,576.94	5,102.14
	Less: Transferred to Pre-operative Expenses	15.46	15.98
		7,561.48	**5,086.16**
(b)	Amortisation of Intangible assets	217.78	173.81
	Total	**7,779.27**	**5,259.97**

35. OTHER EXPENSES

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	Conversion Charges	562.40	542.61
(b)	Excise duty Relating to Increase / (Decrease) in Closing Stocks	-	(330.22)
(c)	Other Manufacturing Expenses	1,319.95	962.47
(d)	Rent	400.88	242.99
(e)	Repairs & Maintenance		
	Repairs to Building	116.02	100.55
	Repairs and maintenance to Plant and Equipment	3,479.54	2,200.36
	Repairs and maintenance to Others	98.22	70.64
(f)	Consumption of stores & spare parts	1,676.85	1,520.16
(g)	Insurance	512.84	369.60
(h)	Rates & taxes	373.18	271.26
(i)	Bank Charges	330.59	227.46
(j)	Travelling & Conveyance	561.21	469.35
(k)	Freight & Forwarding Charges	7,103.19	4,383.95
(l)	Loss on Sale of Property, Plant & Equipment	428.46	547.34
(m)	Commission on sales	290.81	463.94
(n)	CSR Expenses	250.00	225.00
(o)	Provision for Doubtful Debts	381.80	326.83
	Less: Reversal of Provision for Doubtful Debts	308.52	12.26
	Provision for Doubtful Debts (Net)	73.28	314.57
(p)	Bad Debts written off	1,036.71	9.76
(q)	Vehicle Expenses	491.79	309.72
(r)	Legal & Professional Expenses	1,307.82	1,022.14
(s)	General Expenses	3,558.24	2,015.87
(t)	Payment to Auditors	80.68	68.44
(u)	Director's Sitting Fees	18.85	21.16
(v)	Provision for Inventory Obsolescence	574.67	3.73
(w)	Foreign Exchange Loss	576.85	-
	Total	**25,223.03**	**16,032.85**

Note: Payment to Auditors

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
(a)	As Auditor:		
	Audit fees	44.75	38.40
	Tax Audit fees	3.50	3.00
	Quarterly Limited Review	25.50	21.00
(b)	In Other Capacity:		
	Taxation Matters	3.75	2.76
	Other Services (Certification fees)	3.18	3.28
		80.68	**68.44**

36. RELATED PARTIES DISCLOSURES

A) Name of Related Party and Nature of Relationship

(i) Subsidiary Companies

Deepak Nitrite Corporation Inc., United States of America
Deepak Phenolics Limited

(ii) Key Management Personnel

Shri Deepak C. Mehta	Chairman & Managing Director
Shri Maulik D. Mehta	Whole Time Director
Shri Umesh Asaikar	Executive Director & Chief Executive Officer
Shri Sanjay Upadhyay	Director-Finance & Chief Financial Officer

(iii) Entities over which Key Managerial Personnel or their Relatives are able to Exercise Significant Influence

Check Point Credits & Capital Private Limited * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Gulf LLC, Sultanate of Oman* Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Hardik Leafin Private Limited * Pranawa Leafin Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited *Storewell Credits and Capital Private Limited * Sundown Finvest Private Limited

(iv) Relative of Key Management Personnel

Shri C. K. Mehta
Shri Ajay C. Mehta
Shri Meghav D. Mehta

B) Transaction with Related Parties

₹ in Lakhs

Sr. No.	Nature of Transaction	March 31, 2019				March 31, 2018			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	**Purchase of Goods**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	7,900.40	-	**7,900.40**	-	10,245.25	-	**10,245.25**
2	**Sale of Goods**								
	Deepak Novochem Technologies Limited	-	695.88	-	**695.88**	-	902.21	-	**902.21**
3	**Conversion Charges Received**								
	Deepak Novochem Technologies Limited	-	968.33	-	**968.33**	-	1,032.50	-	**1,032.50**
4	**Rendering of Services / Reimbursement of Expenses**								
	Deepak Novochem Technologies Limited	-	2.42	-	**2.42**	-	0.38	-	**0.38**
	Storewell Credits and Capital Private Limited	-	10.04	-	**10.04**	-	8.80	-	**8.80**
5	**Receiving of services / Reimbursement of Expenses**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	60.05	-	**60.05**	-	7.47	-	**7.47**
	Deepak Novochem Technologies Limited	-	0.13	-	**0.13**	-	1.19	-	**1.19**
	Deepak Foundation	-	1.25	-	**1.25**	-	0.78	-	**0.78**
	Deepak Medical Foundation	-	66.86	-	**66.86**	-	12.52	-	**12.52**
	Deepak Cybit Private Limited	-	38.32	-	**38.32**	-	42.07	-	**42.07**
	Shri Deepak C. Mehta	7.20	-	-	**7.20**	9.60	-	-	**9.60**
	Shri Meghav D. Mehta	-	-	54.78	**54.78**	-	-	53.55	**53.55**
	Shri Ajay C. Mehta	-	-	1.20	**1.20**	-	-	0.60	**0.60**
6	**Sale of Investments**								
	Forex Leafin Private Ltd	-	-	-	**-**	-	131.13	-	**131.13**
7	**Interest paid to Related Parties**								
	Shri Deepak C. Mehta	20.34	-	-	**20.34**	72.59	-	-	**72.59**
	Storewell Credits & Capital Private Limited	-	221.93	-	**221.93**	-	241.50	-	**241.50**

₹ in Lakhs

Sr. No.	Nature of Transaction	March 31, 2019				March 31, 2018			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
8	**Managerial Remuneration**								
	Shri Deepak C. Mehta	899.40	-	-	**899.40**	496.16	-	-	**496.16**
	Shri Ajay C. Mehta	-	-	-	**-**	72.79	-	-	**72.79**
	Shri Maulik D. Mehta	171.06	-	-	**171.06**	103.02	-	-	**103.02**
	Shri Umesh Asaikar	588.86	-	-	**588.86**	470.73	-	-	**470.73**
	Shri Sanjay Upadhyay	294.39	-	-	**294.39**	205.67	-	-	**205.67**
9	**Dividend Paid**								
	Checkpoint Credits & Capitals Private Limited	-	93.68	-	**93.68**	-	86.47	-	**86.47**
	Stigma Credits & Capital Private Limited	-	80.32	-	**80.32**	-	74.14	-	**74.14**
	Stiffen Credits & Capital Private Limited	-	108.94	-	**108.94**	-	100.56	-	**100.56**
	Stepup Credits & Capital Private Limited	-	89.90	-	**89.90**	-	82.99	-	**82.99**
	Skyrose Finvest Private Limited	-	49.11	-	**49.11**	-	44.30	-	**44.30**
	Shri Deepak C. Mehta	276.07	-	-	**276.07**	284.54	-	-	**284.54**
	Shri C.K. Mehta	-	-	1.02	**1.02**	-	-	0.94	**0.94**
	Shri Maulik D. Mehta	1.71	-	-	**1.71**	1.58	-	-	**1.58**
	Shri Meghav D. Mehta	-	-	0.61	**0.61**	-	-	0.57	**0.57**
	Others	-	72.47	17.76	**90.23**	-	66.89	16.39	**83.28**
10	**Donation / CSR Activity**								
	Deepak Medical Foundation	-	-	-	**-**	-	16.65	-	**16.65**
	Deepak Foundation	-	261.92	-	**261.92**	-	211.33	-	**211.33**
11	**Net Accounts Receivable / (Payable)**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	(1,288.34)	-	**(1,288.34)**	-	(1,795.43)	-	**(1,795.43)**
	Deepak Novochem Technologies Limited	-	396.29	-	**396.29**	-	508.46	-	**508.46**
	Shri Deepak C. Mehta	(600.00)	-	-	**(600.00)**	(150.00)	-	-	**(150.00)**
	Shri Ajay C. Mehta	-	-	-	**-**	(20.60)	-	-	**(20.60)**
	Shri Maulik D. Mehta	(65.88)	-	-	**(65.88)**	(11.34)	-	-	**(11.34)**
	Shri Umesh Asaikar	(113.62)	-	-	**(113.62)**	(45.54)	-	-	**(45.54)**
	Shri Sanjay Upadhyay	(79.33)	-	-	**(79.33)**	(24.25)	-	-	**(24.25)**
	Deepak Medical Foundation	-	3.50	-	**3.50**	-	15.00	-	**15.00**
	Deepak Cybit Ltd.	-	(0.19)	-	**(0.19)**	-	(2.50)	-	**(2.50)**
	Storewell Credits and Capital Pvt Ltd	-	(1,955.00)	-	**(1,955.00)**	-	(2,300.00)	-	**(2,300.00)**

37. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Lakhs

		As at March 31, 2019	As at March 31, 2018
I.	**Claims against the Company not acknowledged as debts in respect of:**		
(a)	Matters relating to Income Tax from AY 2012-13 is being contested at various levels of Tax authorities	58.64	98.60
(b)	Matters relating to Sales Tax/VAT from AY 2005-06 to FY 2013-14 is being contested at various level of Indirect Tax authorities.	158.97	86.41
(c)	Matters relating to Excise duty from FY 1998-99 to FY 2016-17 is being contested at various level of Indirect Tax authorities.	292.20	479.33
(d)	Bank Guarantees:		
	- Financial	1,702.90	3,060.55
	- Performance	1,593.73	2,717.92
(e)	Disputed Labour Matters	Amount Not ascertainable	Amount Not ascertainable
	Management is not expecting any future cash outflow in respect of (a) to (c) & (e)		
	Total (I)	**3,806.44**	**6,442.81**
II.	**Commitments**		
	Capital Commitments (Net of Advances)	3,422.65	16,239.18
	Total (II)	**3,422.65**	**16,239.18**

38. TAX EXPENSE

A. Income Tax Expense Recognised in the Statement of Profit and Loss

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
I.	**Expense / (Benefit) recognised in the statement of profit and loss**		
	Current tax on profit for the year	6,073.99	2,595.30
	Increase in deferred tax liabilities	3,357.69	876.81
	Excess provision of earlier years	-	(288.51)
	Total	**9,431.68**	**3,183.60**
II.	**Expense / (Benefit) recognised in statement of other comprehensive income**		
	Re-measurement gains / (losses) on defined benefit plans	(154.57)	37.01
	Equity instruments through other comprehensive income	2.73	7.13
	Total	**(151.84)**	**44.14**

B. The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Profit before taxes	**26,797.81**	**11,085.17**
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	**9,364.23**	**3,836.36**
Effect of		
Weighted deduction for R&D Expenditure	(172.56)	(155.66)
Income taxed at higher/ (lower) rates	-	(21.48)
Others (Net)	240.01	(187.11)
Excess provision of earlier years	-	(288.51)
Total income tax expense	**9,431.68**	**3,183.60**

C. Deferred Tax Liabilities (Net)

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities/(assets)

₹ in Lakhs

	As at March 31, 2019	Recognised in Statement of Profit and Loss /OCI	As at March 31, 2018	Recognised in Statement of Profit and Loss /OCI	As at March 31, 2017
Property, plant and equipment	10,983.74	2,778.99	8,204.75	1,148.15	7,056.60
Total Deferred Tax Liabilities (a)	**10,983.74**	**2,778.99**	**8,204.75**	**1,148.15**	**7,056.60**
Disallowances u/s 43B and Others	2,071.38	884.67	1,186.71	624.50	562.21
MAT Credit Entitlement	1,166.36	(1,311.49)	2,477.85	(108.79)	2,586.64
Total Deferred Tax Assets (b)	**3,237.74**	**(426.82)**	**3,664.56**	**515.71**	**3,148.85**
Net Deferred Tax (Asset)/Liabilities (a-b)	**7,746.00**	**3,205.81**	**4,540.19**	**632.44**	**3,907.75**

39. EMPLOYEE BENEFIT OBLIGATIONS

A. Gratuity

The Group has covered its Gratuity Liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India. Under this plan, an employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the Plan Asset.

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	1,862.70	1,815.60
Current Service Cost	136.84	120.44
Interest Cost	144.76	132.51
Actuarial (gain)/losses	411.20	(99.08)
Benefits Paid	(154.07)	(106.77)
Balance at the end of the year	**2,401.42**	**1,862.70**

(ii) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	1,850.27	1,673.13
Interest Income	145.06	122.91
Return on Plan Assets	(32.39)	9.25
Contribution by the Company	164.73	156.25
Benefits Paid	(154.07)	(111.27)
Balance at the end of the year	**1,973.59**	**1,850.27**
Actual Return on Plan Assets	7.54% to 7.88%	7.12% to 7.88%

(iii) Assets and Liabilities Recognised in the Balance Sheet

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Present Value of Defined Benefit Obligation	2,401.42	1,862.70
Less: Fair Value of Plan Assets:	1,973.59	1,850.27
Amounts recognised as liability	**427.83**	**12.43**
Recognised under:		
Short Term provision (Refer Note 18)	427.83	12.43
Total	**427.83**	**12.43**

(iv) Expenses Recognised in the Statement of Profit and Loss

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Current Service Cost	131.55	119.70
Net Interest Cost	(0.30)	9.60
Total Expenses (Refer Note No. 31)	**131.25**	**129.30**

(v) Expenses Recognised in the Other Comprehensive Income

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Actuarial (gain)/losses on Obligation for the period	411.20	99.44
Return on Plan assets excluding Interest Income	32.39	9.25
Total Expenses recognised in OCI	**443.59**	**108.69**

(vi) Major Category of Plan Assets

	As at March 31, 2019		As at March 31, 2018	
	₹ in Lakhs	%	₹ in Lakhs	%
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
State Government Securities	-	-	-	-
Insurance Policies	1,973.59	100.00	1,850.27	100.00
Others	-	-	-	-

Risk exposure

The Group is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

(vii) Actuarial Assumptions

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Discount Rate	7.79%	7.85%
Expected Return on Plan Assets	7.79%	7.85%
Salary Growth Rate	8.00%	6.50%
Attrition Rate	2.00%	2.00%

(viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	Change in Assumptions		Impact on Defined Benefit Obligation			
			Increase in Assumptions		Decrease in Assumptions	
	As at March 31, 2019 %	As at March 31, 2018 %	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs
Discount Rate	1.00%	1.00%	(137.25)	(98.62)	157.20	111.89
Salary Growth Rate	1.00%	1.00%	155.18	112.24	(138.08)	(100.65)
Attrition Rate	1.00%	1.00%	(6.74)	7.28	7.14	(8.33)

In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the prior year.

B. Leave Encashment

(a) The Leave Encashment Benefit Scheme is a Defined Benefit Plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

(b) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2019, is ₹ 1,478.49 Lakhs (₹ 1,135.12 Lakhs), which is determined on actuarial basis using Projected Unit Credit Method.

(c) **Principal Actuarial Assumptions**

	As at March 31, 2019	As at March 31, 2018
Discount Rate	7.79%	7.85%

C. Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised in Statement of Profit and Loss, for the year is as under

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
Employer's Contribution to Provident Fund and other funds except superannuation	625.12	531.09
Employer's Contribution to Superannuation Fund	173.35	165.32

Expected Contribution for the next year	**₹ in Lakhs**
Employer's Contribution to Provident Fund and other funds except superannuation	740.13
Employer's Contribution to Superannuation Fund	187.22

40. CAPITAL MANAGEMENT

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The Group focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group.

For the purpose of Capital Management, the Group considers the following components of its Balance Sheet to manage capital.

The Capital Structure of the Company was as follows

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Total Equity (A)	1,07,158.46	92,213.83
Non-Current Borrowings (including current maturities)	93,146.39	65,497.38
Current Borrowings	25,505.29	33,157.01
Total Borrowings (B)	1,18,651.68	98,654.39
Total Capital (A+B)	**2,25,810.14**	**1,90,868.22**
Total Borrowings as % of Total Capital	52.54%	51.69%
Total Borrowings as % of Total Equity	110.73%	106.98%

The Interest Coverage Ratio for the reporting period was as follows

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
EBITDA (excluding other income)	41,389.62	19,630.61
Interest	8,324.54	4,514.74
Interest Coverage Ratio	**4.97**	**4.35**

41. FINANCIAL INSTRUMENTS

41.1.Categories of Financial Instruments

The Carrying Value of Financial Instruments by Categories as of March 31, 2019 is as follows

₹ in Lakhs

	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Amortised Cost
Financial Assets			
Cash and Cash Equivalents	-	-	296.04
Other Balances with Banks	-	-	2,280.95
Quoted investments (Level 1)	-	6.63	-
Unquoted investments (Level 3)	232.11	0.67	-
Government Securities	-	-	0.01
Trade receivables	-	-	57,496.42
Loans	-	-	212.42
Other financial asset	-	-	789.42
Total	**232.11**	**7.30**	**61,075.26**
Financial Liabilities			
Current Borrowings	-	-	25,505.29
Non-Current Borrowings (including current maturities)	-	-	93,146.39
Trade Payables	-	-	50,455.68
Other Financial Liabilities	-	9.14	3,425.40
Total	**-**	**9.14**	**1,72,532.76**

The Carrying Value of Financial Instruments by Categories as of March 31, 2018 is as follows

₹ in Lakhs

	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Amortised Cost
Financial Assets			
Cash and Cash Equivalents	-	-	942.66
Other Balances with Banks	-	-	3,877.28
Quoted investments (Level 1)	-	2,951.73	-
Unquoted investments (Level 3)	224.27	0.67	-
Government Securities	-	-	0.01
Trade receivables	-	-	41,177.18
Loans	-	-	443.60
Other financial asset	-	-	2,550.50
Total	**224.27**	**2,952.39**	**48,991.23**
Financial Liabilities			
Current Borrowings	-	-	33,157.01
Non-Current Borrowings (including current maturities)	-	-	65,497.38
Trade Payables	-	-	48,995.97
Other financial liabilities	-	14.02	603.86
Total	-	**14.02**	**1,48,254.22**

41.2. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy as at March 31, 2019

₹ in Lakhs

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	6.63	-	-	6.63
Investments in Unquoted Instruments	-	-	232.78	232.78

Fair Value Hierarchy as at March 31, 2018

₹ in Lakhs

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	2,951.73	-	-	2,951.73
Investments in Unquoted Instruments	-	-	224.94	224.94

Reconciliation of Level 3 Fair Value Measurements

₹ in Lakhs

	Investment in unquoted shares irrevocably designated as FVTOCI
Opening Balance as at March 31, 2017	137.44
Reclassification of Investments	65.86
Total gains/losses in other comprehensive income	20.97
Closing balance as at March 31, 2018	**224.27**
Total gains in other comprehensive income	7.84
Closing balance as at March 31, 2019	**232.11**

Comparative Market Multiples method has been used for estimating the fair value of such Investment. The fair valuation estimates are based on historical annual accounts/annual reports and based on information collected from public domain. Information pertaining to future expected performance of investee companies including projections about their profitability, balance sheet status and cash flow expectations are not available.

41.3. Financial Risk Management objectives

The Group has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts, option contracts and interest swaps to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Group's policies, which outlines principles on foreign exchange risk, interest rate risk, credit risk and deployment of surplus funds.

Item	Primarily Effected by	Risk Management Policies	Reference
Market risk - currency risk	Foreign Currency balances and exposure towards trade payables, buyer's credit, exports, short-term and long-term borrowings	Mitigating foreign currency risk using foreign currency forward contracts and option contracts.	Note 41.4.1
Market risk - interest rate risk	Change in market interest rates	Maintaining a combination of fixed and floating rate debt; interest rate swaps for long-term borrowings; cash management policies	Note 41.4.2
Credit risk	Ability of customers or counterparties to financial instruments to meet contractual obligations.	Credit approval and monitoring practices; counterparty credit policies and limits; arrangements with financial institutions	Note 41.5.
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities	Note 41.6.

41.4.Market Risk

The Group's financial instruments are exposed to market rate changes. The Group is exposed to the following significant market risks:

- Foreign currency risk
- Interest rate risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are being managed and measured.

41.4.1 Foreign Currency Risk management

The Group is exposed to foreign exchange risk on account of following:

1. Imports of raw materials and services.
2. Exports of finished goods.
3. Foreign currency borrowings in the form of Term loans, external commercial borrowings, buyers credit, packing credit etc. availed for meeting its funding requirements.

The Group has a forex policy in place whose objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through combination of various hedging instruments such as foreign currency forward contracts, options contracts and has a dedicated forex desk to monitor the currency movement and respond swiftly to market situations. The Company follows netting principle for managing the foreign exchange exposure.

(a) The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities based on gross exposure at the end of the reporting period is as under:

Currency	Liabilities		Assets	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
USD (Lakhs)	212.68	549.32	107.89	280.66
₹ (Lakhs)	14,711.03	35,547.31	7,462.56	18,162.49
GBP (Lakhs)	0.02	1.31	-	-
₹ (Lakhs)	1.70	112.44	-	-
JPY (Lakhs)	-	7.09	-	-
₹ (Lakhs)	-	4.35	-	-
CHF (Lakhs)	-	0.05	-	
₹ (Lakhs)	-	3.62	-	
EURO (Lakhs)	15.10	23.99	13.99	11.14
₹ (Lakhs)	1,173.30	1,927.67	1,087.05	893.45

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows

(b) Foreign currency forward, option contracts and interest rate swaps outstanding as at the Balance Sheet date

	As at March 31, 2019		As at March 31, 2018	
	Buy	Sell	Buy	Sell
Forward Contracts (USD Lakhs)	-	3.00	110.72	60.00
Forward Contracts (EURO Lakhs)	7.50	-	6.39	-
Option Contracts (USD Lakhs)	-	-	-	35.00
Interest rate Swaps ECB (USD Lakhs)	-	-	-	36.00

The forward and option contracts have been entered into to hedge the foreign currency risk on trade receivables and trade payables. The swap contracts have been entered into to hedge the interest rate risks on the external commercial borrowings of the Company.

(c) Net Open Exposures Outstanding as at the Balance Sheet Date

Currency	Liabilities		Assets	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
USD (Lakhs)	107.79	217.94	-	-
GBP (Lakhs)	0.02	1.31	-	-
JPY (Lakhs)	-	7.09	-	-
CHF (Lakhs)	-	0.05	-	-
EURO (Lakhs)	-	6.46	6.39	-

(d) Foreign currency sensitivity analysis

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹ 1 increase and decrease against the US Dollar. ₹ 1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹ 1 change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens by ₹ 1 against the US Dollar. For a ₹ 1 weakening against the US Dollar, there would be a comparable impact on the profit before tax.

₹ in Lakhs

Currency USD Impact on Profit or Loss	As at March 31, 2019	As at March 31, 2018
Impact of ₹ 1 strengthening against US Dollar	110.90	33.70
Impact of ₹ 1 weakening against US Dollar	(110.90)	(23.70)

The above sensitivity analysis does not include effect of Foreign Exchange (loss)/gain capitalised as the same does not affect profit or loss or total equity.

41.4.2 Interest Rate Risk Management

The Group issues commercial papers, draws working capital demand loans, avails cash credit, foreign currency borrowings including buyers credit, Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

(a) Interest rate swap contract

The Company had entered into the swap contracts to hedge the interest rate risks on the external commercial borrowings. Using interest rate swap, Company agrees to exchange LIBOR floating interest rate to LIBOR fixed interest rate on agreed notional principal amounts. Such contracts enable the company to mitigate the interest rate risk. Refer details of the principal and interest rate swaps under Note 41.4.1(b).

(b) Interest rate sensitivity analysis

The sensitivity analysis in para below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 25 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 10 basis points higher/ lower in case of foreign currency borrowings and 25 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would decrease/ increase by ₹ 296.34 Lakhs (₹ 230.80 Lakhs)

41.5. Credit Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. The Group uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment through third party experts. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken upon case to case basis. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets.

The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on the provision matrix. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing

	Expected Credit Loss (%)
Within the Credit period	0.25%
91 to <=180 days	38.77%
>180 days	100.00%

Age of receivables

	As at March 31, 2019	As at March 31, 2018
Within the Credit period	57,492.52	37,806.37
91 to <=180 days	241.32	2,008.27
>180 days	481.56	2,940.75

Reconciliation of loss allowance provision - Trade receivables

	₹ in Lakhs
Loss allowance on March 31, 2017	**331.15**
Changes in loss allowance	314.58
Loss allowance on March 31, 2018	**645.73**
Changes in loss allowance	73.24
Loss allowance on March 31, 2019	**718.97**

41.6. Liquidity Risk Management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial (liabilities)/assets including estimated interest payments as at March 31, 2019

₹ in Lakhs

	Amount	Upto 1 year	1-3 year	More than 3 year	Total Cash Flows
Trade payable	(50,455.68)	(50,455.68)	-	-	(50,455.68)
Borrowings	(1,18,651.68)	(30,084.67)	(15,199.96)	(73,367.05)	(1,18,651.68)
Other Financial Liabilities	(9,594.54)	(9,594.54)	-	-	(9,594.54)
Foreign Currency Forward Contracts, option contracts and interest swaps	(9.14)	(9.14)	-	-	(9.14)
Trade Receivables (Gross)	58,215.39	58,215.39	-	-	58,215.39

The table below provides details of financial assets as at March 31, 2019

₹ in Lakhs

	Carrying Amount
Loans	212.42
Other financial assets	789.42
Total	**1,001.84**

The table below provides details regarding the contractual maturities of financial (liabilities)/assets including estimated interest payments as at March 31 2018

₹ in Lakhs

	Amount	Upto 1 year	1-3 year	More than 3 year	Total Cash Flows
Trade payable	(48,995.97)	(48,995.97)	-	-	(48,995.97)
Borrowings	(98,654.39)	(43,608.59)	(12,655.86)	(42,389.94)	(98,654.39)
Other Financial Liabilities	(11,069.47)	(11,069.47)	-	-	(11,069.47)
Foreign Currency Forward Contracts, option contracts and interest swaps	(14.02)	(14.02)	-	-	(14.02)
Trade Receivables (Gross)	41,822.91	41,822.91	-	-	41,822.91

The table below provides details of financial assets as at March 31, 2018

₹ in Lakhs

	Carrying Amount
Loans	443.60
Other financial assets	2,550.50
Total	**2,994.10**

42. SEGMENT INFORMATION

(a) Primary Segment Information

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods delivered.

Pursuant to commencement of commercial operations of plant for manufacturing Phenol and Acetone under the Company's wholly owned subsidiary, Deepak Phenolics Limited, its results have been classified under new segment "Phenolics".

Accordingly, the Group's reportable segments under Ind AS 108 are as follows:

(i) Basic Chemicals

(ii) Fine & Speciality Chemicals

(iii) Performance Products

(iv) Phenolics

The accounting policies of the reportable segments are same as the Group's accounting policies. Segment profit represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income. This is the measure reported to the CODM.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

₹ in Lakhs

	For the year March 31, 2019	For the year March 31, 2018
I) Segment Revenue		
(a) Basic Chemicals	89,319.15	76,160.62
(b) Fine & Speciality Chemicals	53,563.58	46,324.06
(c) Performance Products	40,288.88	30,000.03
(d) Phenolics	90,800.58	19,626.20
(e) Un- allocable	-	7.19
TOTAL	**2,73,972.19**	**1,72,118.10**
Less: Inter Segment Revenue	3,979.74	4,499.90
Net Sales/Income from operations	**2,69,992.45**	**1,67,618.20**

₹ in Lakhs

		For the year March 31, 2019	For the year March 31, 2018
II)	**Segment Results**		
	Profit (Loss) Before Tax & Interest		
	(a) Basic Chemicals	14,534.90	10,669.28
	(b) Fine & Speciality Chemicals	12,655.28	11,479.05
	(c) Performance Products	8,323.03	(814.13)
	(d) Phenolics	9,578.55	(640.79)
	TOTAL	**45,091.77**	**20,693.41**
	Less : (i) Interest Expenses	8,324.54	4,514.74
	(ii) Other un-allocable expenditure net of un-allocable Income	9,969.42	5,093.50
III)	**Profit Before Tax**	**26,797.81**	**11,085.17**
IV)	**Segment Assets**		
	(a) Basic Chemicals	45,853.23	41,046.49
	(b) Fine & Speciality Chemicals	37,962.24	43,315.10
	(c) Performance Products	37,967.63	36,667.07
	(d) Phenolics	1,66,052.37	1,27,161.71
	(e) Un- allocable	4,942.98	10,865.63
	TOTAL	**2,92,778.45**	**2,59,056.00**
V)	**Segment Liabilities**		
	(a) Basic Chemicals	16,863.03	17,587.81
	(b) Fine & Speciality Chemicals	8,043.90	7,507.57
	(c) Performance Products	6,423.20	6,477.80
	(d) Phenolics	1,08,873.30	81,662.14
	(e) Un- allocable	45,416.56	53,606.85
	TOTAL	**1,85,619.99**	**1,66,842.17**
VI)	**Capital Expenditure**		
	(a) Basic Chemicals	3,380.79	1,125.52
	(b) Fine & Speciality Chemicals	3,388.96	2,940.26
	(c) Performance Products	661.40	1,251.27
	(d) Phenolics	1,13,316.35	51.67
	(e) Un- allocable	443.23	286.61
	TOTAL	**1,21,190.73**	**5,655.33**
VII)	**Depreciation**		
	(a) Basic Chemicals	1,914.22	1,638.38
	(b) Fine & Speciality Chemicals	1,337.44	1,403.54
	(c) Performance Products	1,602.97	1,720.26
	(d) Phenolics	2,491.46	65.05
	(e) Un- allocable	433.18	432.74
	TOTAL	**7,779.27**	**5,259.97**

(b) Secondary Segment Information

The following table shows the distribution of the Company's Revenue and Assets by geographical market:

₹ in Lakhs

Revenue	As at March 31, 2019	As at March 31, 2018
In India	2,10,654.90	1,16,421.84
Outside India	59,337.55	51,196.36
Total	**2,69,992.45**	**1,67,618.20**

₹ in Lakhs

Carrying Amount of Segment Assets	For the year March 31, 2019	For the year March 31, 2018
In India	2,84,033.78	2,39,713.65
Outside India	8,744.67	19,342.36
Total	**2,92,778.45**	**2,59,056.00**

₹ in Lakhs

Addition to Fixed Assets	For the year March 31, 2019	For the year March 31, 2018
In India		
- Tangible	1,19,911.53	5,601.38
- Intangible	1,279.20	53.95
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	**1,21,190.73**	**5,655.33**

43. EARNINGS PER SHARE

	As at March 31, 2019	As at March 31, 2018
Basic and Diluted Earnings per Share		
Number of Shares at the beginning (Nos. in Lakhs)	1,363.93	1,307.11
Number of Shares at the end (Nos. in Lakhs)	1,363.93	1,363.93
Weighted Average Number of Shares considered for Basic Earnings Per Share (Nos. in Lakhs)	1,363.93	1,316.45
Weighted Average Number of Shares considered for Diluted Earnings Per Share (Nos. in Lakhs)	1,363.93	1,316.45
Net Profit after Tax available for Equity Shareholders (₹ in Lakhs)	17,366.13	7,901.57
Basic Earnings (in Rupees) Per Share of ₹ 2/- each	12.73	6.00
Diluted Earnings (in Rupees) Per Share of ₹ 2/- each	12.73	6.00

44. During FY 2018-19, the Company has spent ₹ 250.00 Lakhs on Corporate Social Responsibility activities.

45. The Income Tax Department has conducted search operations during the year at the premises of Deepak Nitrite Limited and Deepak Phenolics Limited. The Companies believe that the search operations will not have any material adverse impact on the performance.

46. Events occurring after the balance sheet date: The Board of Directors has recommended, subject to the approval of shareholders, dividend of ₹ 2/- (Rupees Two only) per equity share of face value of ₹ 2/- (Rupees Two only) each for the year ended March 31, 2019 on 13,63,93,041 equity shares amounting to ₹ 3,288.58 Lakhs (including tax on dividend of ₹ 560.72 Lakhs)

47. The Financial Statements were authorised for issue by the Board of Directors on May 03, 2019.

48. Additional Information in Consolidated Financial Statements as per Schedule III of Companies Act,2013

	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit or loss	Amount ₹ in Lakhs	As % of consolidated other comprehensive income	Amount ₹ in Lakhs	As % of consolidated total comprehensive income	Amount ₹ in Lakhs
Parent								
Deepak Nitrite Limited	46.60%	49,937.31	79.49%	13,804.26	93.89%	(266.55)	79.25%	13,537.71
Subsidiaries								
1. Deepak Phenolics Limited	53.40%	57,221.54	20.49%	3,558.46	6.11%	(17.36)	20.73%	3,541.10
2. Deepak Nitrite Corporation Inc.	0.00%	(0.39)	0.02%	3.41	0.00%	-	0.02%	3.41
Non Controlling Interests in All Subsidiaries	-	-	-	-	-	-	-	-

For and on behalf of the Board

D.C. MEHTA
Chairman & Managing Director
DIN: 00028377

UMESH ASAIKAR
Executive Director & CEO
DIN: 06595059

SUDHIN CHOKSEY
Director
DIN: 00036085

SANDESH ANAND
Director
DIN: 00001792

SANJAY UPADHYAY
Director-Finance & CFO
DIN: 01776546

ARVIND BAJPAI
Company Secretary
Membership No: F6713

SUDHIR MANKAD
Director
DIN: 00086077

Vadodara: May 03, 2019