B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Deepak Phenolics Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Deepak Phenolics Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information ("collectively Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 below to be the key audit matters to be communicated in our report.

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<table>
<tr><th>Key audit matter</th><th>Our response to Key audit matter</th></tr>
<tr><td>Revenue recognition

<u>Refer note 21 to the Ind AS Financial Statements relating to revenue from operations and note (c) of significant accounting policies to the Ind AS financial statements</u>

We considered revenue recognition as a key audit matter owing to the risk of incorrect timing of revenue recognition. Revenue is recognized at a point in time when the control of the goods is passed to the customer. There is a variation in the commercial (contracted sales) terms with different customer in different geographies. This gives rise to an inherent risk around the accuracy of the revenue recorded.</td><td><u>Principle audit procedures:</u>

Our audit procedures included considering the appropriateness of Company's revenue recognition accounting policies and assessing compliance with the policies in terms of the applicable accounting standards.

We have :
Performed test of controls, assisted by our IT specialists wherever required.
We have performed tests of detail, on a sample basis, to review the commercial terms of customer purchase orders to assess whether revenue is recognized as per the contract terms.</td></tr>
<tr><td>Inventory Valuation

<u>Refer note 6 to the Ind AS Financial Statements relating to provisions & contingency and Note (n) of significant accounting policies to the Ind AS financial statements</u>

We considered inventory valuation as 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.</td><td><u>Principle audit procedures:</u>

Our audit procedures included reviewing the Company's accounting policies for inventory along with the relevant accounting standard.

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.</td></tr>
</table>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standard on Auditing 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 based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are 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.

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- Obtain an understanding of internal 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 company 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 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 Company's ability 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 Ind AS 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statement.

We communicate with those charged with governance 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 Ind AS 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report 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.

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(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including OCI, the Cash Flow Statement and statement of change in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(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, no remuneration is paid by company during FY 2018-19:

(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, in our opinion and to the best of our information and according to the explanations given to us:

i. In our opinion and to the best of our information and according to the explanations given to us the company has no pending litigation;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. The company is not required to transfer any amount to the Investor Education and Protection Fund.

For **B.K. Khare& Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No.040404
Mumbai, May 2, 2019

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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")

We have audited the internal financial controls over financial reporting of **Deepak Phenolics Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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. 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, 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 Company's internal financial controls over financial reporting 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 whether the risk of 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 Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and

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that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, the Company has, 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 internal control over financial reporting criteria established by the Company 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.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
Mumbai, May 2, 2019

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ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under **Report on Other Legal and Regulatory Requirements section** of our report of even date on the Ind AS financial statements of **Deepak Phenolics Limited** for the year ended March 31, 2019

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The company does not have any immovable property as on March 31, 2019.

2) The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in books of account.

3) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

4) In our opinion and according to information and explanations given to us, the provisions of Section 185 and Section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the company as at 31st March, 2019. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under Section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March, 2019 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) During the year, the Company has raised Rs.129 crores by issuing 7% Non Cumulative optionally convertible Preference shares of Rs.100 each by way of rights issue. Further,

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money raised by the Company by the way of Buyer's credit and term loans in the earlier years were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Act and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number 040404
Mumbai, May 2, 2019

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Deepak Phenolics Limited
Balance Sheet as at March 31, 2019

(Rs. in Lakhs)

		Notes	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
	Non-current assets			
	(a) Property, Plant and Equipment	2	1,12,036.27	2,274.27
	(b) Capital Work-in-Progress	2	494.99	91,825.86
	(c) Other Intangible assets	3	1,096.93	11.29
	(d) Financial Assets			
	Other Financial Assets	4	118.62	96.69
	(e) Deferred Tax Assets (net)	16	-	679.13
	(f) Other Non-Current Assets	5	-	3,578.76
	(g) Non - Current Tax Assets (Net)	11	10.23	10.23
	Total Non-Current Assets		**1,13,757.04**	**98,476.24**
	Current assets			
	(a) Inventories	6	17,816.84	13,729.87
	(b) Financial Assets:			
	Investments	7	-	801.39
	Trade Receivables	8	23,297.31	4,692.47
	Cash and Cash Equivalents	9	13.32	824.01
	Other Bank Balance	9A	2,003.77	784.92
	Other Financial Assets	10	1.14	-
	(c) Other Current Assets	12	9,895.53	9,405.17
	Total Current Assets		**53,027.91**	**30,237.83**
	TOTAL ASSETS		**1,66,784.95**	**1,28,714.06**
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	13	56,000.00	43,100.00
	(b) Share Application Money	13	-	5,000.00
	(c) Other Equity	14	1,831.82	(1,739.13)
	Total Equity		**57,831.82**	**46,360.87**
	Non-current liabilities			
	(a) Financial Liabilities:			
	Borrowings	15	78,827.21	45,749.93
	(b) Provisions	16	71.33	10.23
	(c) Deferred Tax Liabilities (Net)	17	87.31	-
	(d) Other Non Current Liabilities	22	1,380.41	1,702.99
	Total Non-Current Liabilities		**80,366.26**	**47,463.15**
	Current liabilities			
	(a) Financial Liabilities:			
	Borrowings	18	7,064.64	6,741.20
	Trade Payables :			
	- outstanding dues of Micro Small and Medium Enterprises (Refer note no.41)		2.30	-
	- outstanding dues of creditors other than Micro Enterprises and Small enterprises		18,288.54	18,096.30
	Other Financial Liabilities	19	2,961.26	9,993.53
	(b) Provisions	15	55.81	53.02
	(c) Current Tax Liabilities (Net)	20	200.37	-
	(c) Other Current Liabilities	21	13.94	5.99
	Total Current Liabilities		**28,586.87**	**34,890.03**
	Total Liabilities		**1,08,953.13**	**82,353.19**
	TOTAL EQUITY AND LIABILITIES		**1,66,784.95**	**1,28,714.06**

The accompanying notes form an integral part of the Financial Statement
As per our report of even date

For and on behalf of the Board

For
M/s B.K. Khare & Co.
Chartered Accountants
Firm Registration No. - 105102W

B.K. KHARE & CO
Chartered Accountants
MUMBAI

Ravi Kapoor
Partner
Membership No. 040404

D. C. Mehta
Chairman & Managing Director

Sanjay Upadhyay
Director

Shripad Gumaste
Director

Sandesh Anand
Director

Ajay Jajoo
Chief Financial Officer

Arvind Bajpai
Company Secretary

Mumbai: May 02, 2019

Vadodara: May 02, 2019

Deepak Phenolics Limited
Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in Lakhs)

	Particulars	Notes	2018-19	2017-18
I	Revenue From Operations	23	91,350.22	19,985.96
II	Other Income	24	1,335.86	27.85
III	**Total Income (I+II)**		**92,686.08**	**20,013.80**
IV	**Expenses:**			
	(a) Cost of materials consumed	25	72,418.30	-
	(b) Purchase of Traded Goods	26	5,334.46	19,098.69
	(c) Changes in Inventories of Finished goods, Stock-in-Trade, Work-in-Progress	27	(10,191.67)	681.63
	(d) Excise duty on sale of goods		-	47.56
	(e) Employee Benefits Expenses	28	2,072.49	287.55
	(f) Power & Fuel Expenses	29	6,683.82	-
	(g) Finance costs	30	4,039.96	480.74
	(h) Depreciation and amortisation Expenses	31	2,497.85	70.19
	(i) Other Expenses	32	4,257.99	510.06
	Total Expenses (IV)		**87,113.20**	**21,176.41**
V	**Profit before tax**		**5,572.88**	**(1,162.61)**
VI	**Tax expense:**			
	(a) Current Tax		1,208.83	-
	(b) Deferred Tax		775.75	679.13
	(c) Prior Period Tax adjustment			
VII	**Profit for the period (VII-VIII)**		**3,588.30**	**(483.48)**
VIII	**Other comprehensive income:**			
	(A) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement of defined benefit obligations (net)		**(26.65)**	**(0.14)**
	(b) Tax Effect on remeasurement of Defined Benefit obligations (net)		9.31	
	Total Other comprehensive income for the period (VIII)		**(17.34)**	**(0.14)**
IX	**Total comprehensive income for the year (VII+VIII)**		**3,570.95**	**(483.62)**
	Earnings per equity share			
	(i) Basic (Face Value per share Rs.10 each)		1.28	(0.17)
	(ii) Diluted (Face Value per share Rs.10 each)		0.64	(0.17)

The accompanying notes form an integral part of the Financial Statements
As per our report of even date

For and on behalf of the Board

For
M/s B.K. Khare & Co.
Chartered Accountants
Firm Registration No. - 105102W

Ravi Kapoor
Partner
Membership No. 040404

B.K. KHARE & Co. Chartered Accountants MUMBAI

D. C. Mehta
Chairman & Managing Director

Sanjay Upadhyay
Director

Shripad Gumaste
Director

Sandesh Anand
Director

Ajay Jajoo
Chief Financial Officer

Arvind Bajpai
Company Secretary

Mumbai: May 02, 2019

Vadodara: May 02, 2019

Deepak Phenolics Limited

Cash Flow Statement for the year ended March 31, 2019

(Rs. in Lakhs)

	Particulars	2018-19	2017-18
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax from Continuing Operations	5,546.23	(1,162.75)
	Profit Before Tax	**5,546.23**	**(1,162.75)**
	Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
	1. Depreciation / Amortisation on Continuing Operations	2,497.85	86.19
	2. Amortisation of Preliminary Expenses	0.00	1.05
	3. Provision for Doubtful Debts	(10.57)	51.16
	4. Gain on redemption of investment	(2.85)	(3.92)
	5. Interest expenses	4,039.96	480.74
	6. Interest Income	(67.38)	(23.93)
	7. Loss/(gain) on Sale of assets	(0.40)	
	Operating Profit before change in Operating assets and liabilities	**12,002.84**	**(571.46)**
	Movements in working capital :		
	1. (Increase)/Decrease in Trade Receivables	(18,594.27)	(326.65)
	2. (Increase)/Decrease in other non-current assets	(21.93)	2,475.29
	3. (Increase)/Decrease in Inventories	(4,086.97)	(11,079.55)
	4. Increase/(Decrease) in Trade Payables	194.54	14,124.70
	5. (Increase)/Decrease in Other Current Assets	(490.36)	(9,404.11)
	6. Increase/(Decrease) in Current / Non Current Provisions	63.89	12.74
	7. Increase/(Decrease) in Current Liabilities	7.95	(14.17)
	8. Increase/(Decrease) in Non-Current Liabilities	(322.58)	1,702.99
	Cash generated from operations	**(11,246.90)**	**(3,080.23)**
	Less:		
	Income tax paid (net of refund)	(1,008.46)	(5.02)
	Net cash inflow from operating activities	**(12,255.36)**	**(3,085.25)**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	1.Purchase of Plant, Property and Equipments	(1,12,200.70)	(138.70)
	2. Increase in Capital WIP	91,330.87	(60,979.60)
	3. Purchase of Intangibles	(1,144.91)	-
	4. Decrease in Capital Advaces	3,578.76	4,454.78
	5. Sale of Current Investments	804.24	302.53
	6. Increase in Other financial liabilities	(7,032.27)	2,706.62
	7. Interest Received	67.38	23.93
	8. FD with maturity between 3 to 12 Months	(1.14)	224.10
	9. Deposit with Bank	(1,218.85)	(784.92)
	10. Proceeds from sale of fixed assets	0.53	-
	Net cash outflow from investing activities	**(25,816.08)**	**(54,191.27)**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	1. Increase in Share Capital	12,900.00	18,100.00
	2. Increase in Share Application Money	(5,000.00)	2,000.00
	3. Increase in Secured Loan	33,077.28	37,625.75
	4. Increase/(Decreased) in Current Borrowings	323.44	(169.10)
	5. Amortisation of Preliminary Expenses	(0.00)	-
	6. Interest Paid	(4,039.96)	(480.74)
	Net cash outflow from financing activities	**37,260.75**	**57,074.90**
	Net increase/decrease in cash and cash equivalents A+B+C	(810.69)	(201.62)
	Cash and cash equivalents at the beginning of the financial year	824.01	1,025.63
	Cash and cash equivalents at the end of the financial year	**13.32**	**824.01**
	Reconcialation of Cash & Cash Equivalents		
	Balances with Banks		
	- In Current Accounts	13.32	824.01
	- FD with maturity less than 3 months	-	-
	Total Cash and cash equivalents	**13.32**	**824.01**

As per our report of even date

For
M/s B.K. Khare & Co.
Chartered Accountants
Firm Registration No. - 105102W

B.K. KHARE & CO. Chartered Accountants MUMBAI

Ravi Kapoor
Partner
Membership No. 040404

Mumbai: May 02, 2019

For and on behalf of the Board

D. C. Mehta
Chairman & Managing Director

Sanjay Upadhyay
Director

Shripad Gumaste
Director

Sandesh Anand
Director

Ajay Jajoo
Chief Financial Officer

Arvind Bajpai
Company Secretary

Vadodara: May 02, 2019

Deepak Phenolics Limited

Statement of Changes in Equity for the year ended March 31, 2019

(A) SHARE CAPITAL

Rs. in Lakhs

Particulars	Equity Shares	Preference Shares
As at April 01, 2017	**25,000.00**	-
Issued during the year	3,000.00	15,100.00
As at March 31, 2018	**28,000.00**	**15,100.00**
Issued during the year	-	12,900.00
As at March 31, 2019	**28,000.00**	**28,000.00**

(B) OTHER EQUITY

	Reserves and Surplus
	Retained earnings
Balance as at 01.04.2018	**(1,739.13)**
Profit for the year	3,588.30
Other Comprehensive income	(17.34)
Balance as at 31.03.2019	**1,831.82**
Balance as at 01.04.2017	(1,255.51)
Profit for the year	(483.48)
Other Comprehensive income	(0.14)
Balance as at 31.03.2018	**(1,739.13)**

As per our report of even date

For
M/s B.K. Khare & Co.
Chartered Accountants
Firm Registration No. - 105102W

B.K. KHARE & CO. Chartered Accountants MUMBAI

Ravi Kapoor
Partner
Membership No. 040404

Mumbai: May 02, 2019

For and on behalf of the Board

D. C. Mehta
Chairman & Managing Director

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Director

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Director

Sandesh Anand
Director

Ajay Jajoo
Chief Financial Officer

Arvind Bajpai
Company Secretary

Vadodara: May 02, 2019

NOTES forming part of the Financial Statements for the year ended March 31, 2019

Company overview

Deepak Phenolics Limited (Formerly known as Deepak Clean Tech Limited) is a wholly owned subsidiary of Deepak Nitrite Limited (along with nominees). It is formed for manufacturing for Phenol & Acetone as their main product. Commissioning of operations started from 1st November,2018 successfully.

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 Company.
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 Company 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.

1. Significant Accounting Policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The 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 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 Company 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.

(ii) Functional and Presentation Currency

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

(iii) Use of estimates and critical accounting judgements

Preparation of the 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.

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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 Company'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 Company 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 Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company 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 Company 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.

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 Company'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 Company 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 Company 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 Company.
• 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 company 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 Company 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.

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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 Company 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.

As a lessor

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

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 financial statements of the Company, 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 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 Statement of Profit and Loss, within finance costs.

The Company 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 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 Statement of Profit and Loss in the period in which they are incurred.

(g) Government Grants

The Company had imported property, plant and equipment under the Export Promotion Capital Goods (EPCG) Scheme wherein the Company is allowed to import capital goods including spares without customs duty, subject to certain export obligations which should be fulfilled within specified time period. Since the Company has recomputed cost as per Ind AS 16, it has made the following adjustments to meet the requirements of Ind AS 16 - Property, Plant & Equipment and Ind AS 20 - Accounting for Government Grants and disclosure of Government assistance :

The custom duty benefit received treated as Export Obligation (Unexpired) included in other non current

liabilities with a corresponding increase in the value of capital work-in-progress of Rs 13.80 Cr.

(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 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 Statement of Profit and Loss.

Past service cost is recognised in 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

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The first two components of defined benefit costs are recognised in the 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 Company'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 Company measures the expected cost of accumulating compensated absences as the additional amount that the Company 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 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 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 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 Company 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 Balance Sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the 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 Indian Income Tax Act regulation are recognised in 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 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the 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 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 company, chemical process & chemical industry norms.

Asset Category	Estimated Useful Life	Residual Value
Building	30 years	0%
Plant & Equipment	3 to 40 years	1%
Furniture & Fixture	10 years	0%
Vehicle	8 years	0%
Office Equipment	5 years	0%
Road	10 years	0%

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 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.

(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	6 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 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 weighted average cost of capital. 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.

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(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 Company. 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 company 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 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 air 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 Statement of Profit and Loss and is included in the "Other Income" line item.

(iii) Investments in Equity Instruments

On initial recognition, the company 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 Statement of Profit and Loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company'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 Statement of Profit and Loss are included in the 'Other income' line item.

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

Investments in equity instruments are classified as at FVTPL, unless the company 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 Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the Other income line item. Dividend on financial assets at FVTPL is recognised when the company'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 Company 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, other contractual rights to receive cash or other financial assets.

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 Company in accordance with the contract and all the cash flows that the Company 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 Company 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 Company 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 Company 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 lifetime 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 Company measured loss allowance for a financial instrument at lifetime 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 Company can again measures 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 Company 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 Company 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 Company 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 balance sheet.

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(vi) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, 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 Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company 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 Statement of Profit and Loss if such gain or loss would have otherwise been recognised in 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 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 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 company 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 Company are recognised at the proceeds received, net of direct issue costs.

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

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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 Company'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 remeasuremt recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' 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 Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in 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 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'.

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 profit loss.

d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company'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 Statement of Profit and Loss.

(q) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the 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.

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(r) Provisions and Contingent Liabilities

Provisions are recognised when the Company 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 Company 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 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

There are no reportable segments as defined by IND AS 108 on "Segment Reporting".

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Notes forming part of the Financial Statements as at and for the year ended March 31,2019

2 PROPERTY, PLANT AND EQUIPMENT

Rs. in lakhs

Particulars	Owned assets								
	Leasehold Land	**Buildings**	**Plant and Equipment**	**Furniture and Fixtures**	**Vehicles**	**Office Equipments**	**Roads**	**Total**	**Capital work-in-progress**
Gross Carrying amount									
Deemed Cost as at April 01, 2017	2,080.94	-	28.93	87.39	26.16	35.13		2,258.55	30,846.26
Additions during the year	-	87.02	15.96	10.39	-	25.33		138.70	60,979.60
Deductions during the year								-	
Other adjustments								-	
Gross Carrying amount as at March 31, 2018	**2,080.94**	**87.02**	**44.89**	**97.78**	**26.16**	**60.46**	**-**	**2,397.25**	**91,825.86**
Additions during the year	-	3,681.57	1,06,429.60	90.39	138.70	129.87	1,746.03	1,12,216.16	22,030.20
Deductions during the year			0.54					0.54	1,13,361.07
Other adjustments								-	
Gross Carrying Amount as at March 31, 2019	**2,080.94**	**3,768.59**	**1,06,473.95**	**188.17**	**164.86**	**190.33**	**1,746.03**	**1,14,612.87**	**494.99**
Depreciation/Amortisation									
For the year 2017-18	8.58	-	10.02	12.94	3.44	4.51	-	39.49	
Depreciation impact on account of Fair Valuation	25.74	0.24	13.97	26.81	3.44	13.28	-	83.48	
Disposal and adjustments						-		-	
Upto March 31 , 2018	**34.32**	**0.24**	**23.99**	**39.75**	**6.88**	**17.79**	**-**	**122.97**	**-**
For the year 2018-19	25.75	64.41	2,211.27	34.36	15.18	30.32	72.75	2,454.04	
Disposal and adjustments			0.41					0.41	
Upto March 31 , 2019	**60.07**	**64.65**	**2,234.85**	**74.11**	**22.06**	**48.11**	**72.75**	**2,576.60**	**-**
Net Carrying amount								-	
As at March 31, 2018	**2,046.62**	**86.77**	**20.90**	**58.03**	**19.28**	**42.67**	**-**	**2,274.27**	**91,825.86**
As at March 31, 2019	**2,020.87**	**3,703.94**	**1,04,239.10**	**114.06**	**142.80**	**142.22**	**1,673.28**	**1,12,036.27**	**494.99**

Notes:

1 Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 17 and note 20.

2 Capital Work in Progress: Rs. in Lakhs

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
1	Capital Work in Progress (Building)	-	23,896.26
2	Capital Work in Progress (Others)	494.99	6,950.00
	Capital Work in Progress (Net)	**494.99**	**30,846.26**

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Notes forming part of the Financial Statements as and for the year ended March 31,2019

3. INTANGIBLE ASSETS **Rs. in Lakhs**

Intangible assets	Computer Software	Others (Technical Knowhow)	Total
Gross Carrying amount			
Deemed Cost as at April 01, 2017	16.26	-	**16.26**
Additions during the year	-		**-**
Deductions during the year			**-**
Other adjustments			**-**
Gross Carrying amount as at March 31, 2018	**16.26**	**-**	**16.26**
Additions during the year	125.87	1,019.04	**1,144.91**
Deductions during the year			**-**
Other adjustments			**-**
Gross Carrying Amount as at March 31, 2019	**142.13**	**1,019.04**	**1,161.17**
Depreciation/Amortisation	2.26		**2.26**
For the year 2017-18	2.71		**2.71**
Disposal and adjustments	-		**-**
Upto March 31 , 2018	**4.97**	**-**	**4.97**
For the year 2018-19	16.81	42.46	**59.27**
Disposal and adjustments			
Upto March 31 , 2019	**21.78**	**42.46**	**64.24**
Net Carrying amount			
As at March 31, 2018	**11.29**	**-**	**11.29**
As at March 31, 2019	**120.35**	**976.58**	**1,096.93**

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Notes forming part of the Financial Statements

4. OTHER FINANCIAL ASSETS (NON CURRENT)

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
a) Security Deposits		
Unsecured, considered good		
Lease Deposit	66.53	43.94
Other Deposits	52.09	52.75
Total	**118.62**	**96.69**

5. OTHER NON-CURRENT ASSETS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Capital Advances	-	3,578.76
Total	**-**	**3,578.76**

6. INVENTORIES (At lower of cost or net realisable value)

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Raw materials and components	3,368.93	8,277.50
Add: Goods-in-transit	1,521.85	3,484.91
	4,890.78	11,762.41
(b) Work-in-progress	3,148.50	-
(c) Finished goods	9,010.62	1,967.45
(d) Stores and Spares	766.94	-
Total	**17,816.84**	**13,729.87**

Inventories hypothecated/mortgaged as security for borrowings are disclosed under note 14 and note 17.

7. INVESTMENTS

	As at March 31, 2019 Amount Rs. in Lakhs	As at March 31, 2018 Amount Rs. in Lakhs
Investments measured at FVTPL (Un Quoted)		
Investments in Mututal Funds	-	801.39
(a) BOB Mutual Fund Liquid Fund	-	801.39
Total	**-**	**801.39**

8. TRADE RECEIVABLES

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Unsecured, Considered Good		
i) Trade Receivables	23,052.01	4,268
ii) Related Parties	245.30	424.52
(b) Unsecured, Considered Doubtful		
Trade Receivables credit impaired	40.60	51.16
Less : Allowances for doubtful debts	(40.60)	(51.16)
Total	**23,297.31**	**4,692.47**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 30 to 150 days. No interest is recovered on trade receivables for payments received after the due date.

Trade receivables hypothecated/mortgaged as security for borrowings are disclosed under note17 and note21.

Notes forming part of the Financial Statements

9. CASH AND CASH EQUIVALENTS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Cash on hand	-	-
(b) Balances with banks(In Current Accounts)	13.32	824.01
Total	**13.32**	**824.01**

9A. OTHER BANK BALANCE

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(i) Earmarked Balances with Bank	-	-
(ii) Deposit with banks with maturity less than 3 months	-	705.62
('iii) Deposit with banks with maturity more than 3 months but less than 12 months (Refer below note)	2,003.77	79.30
Total	**2,003.77**	**784.92**

The Deposits of Rs. 2003.77 given to bank for debt service reserve a/c for term loans.

10. OTHER CURRENT FINANCIAL ASSETS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Other Receivable	1.14	-
Total	**1.14**	**-**

11. NON-CURRENT TAX ASSETS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Non-Current Tax Assets		
Advance Income Tax (Net of provisions)	10.23	10.23
Total	**10.23**	**10.23**

12. OTHER CURRENT ASSETS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Unsecured, considered good		
(a) GST Recoverable and Balance with Govt.	8,703.84	9,311.88
(b) Prepaid Expenses	220.02	89.93
(c) Advances to Suppliers	934.99	-
(d) Other Receivables	36.68	3.35
Total	**9,895.53**	**9,405.17**

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13. Equity Share Capital

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(A) Authorised:		
28,00,00,000 (P.Y. 28,00,00,000) Equity shares of Rs. 10 each	28,000.00	28,000.00
2,80,00,000 (P.Y. 2,70,00,000) Preference shares of Rs. 100 each	28,000.00	27,000.00
Total	**56,000.00**	**55,000.00**
(B) Issued, Subscribed and fully paid up:		
28,00,00,000 (P.Y. 28,00,00,000) Equity shares of Rs. 10 each	28,000.00	28,000.00
2,80,00,000 (P.Y. 1,51,00,000) Preference Shares of Rs.100/- each fully paid	28,000.00	15,100.00
Total	**56,000.00**	**43,100.00**

(a) Share Application Money		
Equity shares of face value Rs. 10 each	-	-
Preference shares of face value Rs. 100 each	-	5,000.00
Total	-	**5,000.00**

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	**Rs. in Lakhs**	**No. of shares**	**Rs. in Lakhs**
Equity Shares				
Shares outstanding at the beginning of the period	28,00,00,000	28,000.00	25,00,00,000	25,000.00
Issued during the year	-	-	3,00,00,000	3,000.00
Shares outstanding at the end of the period	**28,00,00,000**	**28,000.00**	**28,00,00,000**	**28,000.00**

(b) Reconciliation of number of **Preference Shares** outstanding at the beginning and at the end of the period :

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	**Rs. in Lakhs**	**No. of shares**	**Rs. in Lakhs**
Preference Shares				
Shares outstanding at the beginning of the period	1,51,00,000	15,100.00	-	-
Issued during the year	1,29,00,000	12,900.00	1,51,00,000	15,100.00
Shares outstanding at the end of the period	**2,80,00,000**	**28,000.00**	**1,51,00,000**	**15,100.00**

Note: 2,80,00,000 No of Preference shares @ Rs.100/- each (P.Y.151,00,000 No. of Preference Shares @ Rs. 100/- each) issued at 7% Non-Cumulative Optionally Convertible Redeemable (OCPS) basis.

The amount paid on each OCPS shall be either redeemed at face value of Rs. 100 or converted into ten (10) equity shares of face value of Rs. 10/- each within a period not exceeding twenty (20) years from the date of allotment of OCPS at the option of either the company and/ or the holder of the OCPS. The OCPS carry voting rights as prescribed under the provisions of Companies Act,2013

(c) Details of shares held by each shareholder holding more than 5% Equity shares of Rs. 10 each fully paid in the Company :

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No.	**% holding**	**No.**	**% holding**
Deepak Nitrite Limited & it's Nominees				
Equity Shares of Rs. 10 each	28,00,00,000	100.00	28,00,00,000	100
Preference Shares of Rs. 100 each	2,80,00,000	100.00	1,51,00,000	100

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Notes forming part of the Financial Statements

14. OTHER EQUITY

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Reserves & Surplus		
(a) Retained Earnings	1,849.39	(1,738.90)
Reserves representing unrealised gains/(losses)		
Remeasurement of defined benefit obligations (net)	(17.57)	(0.23)
Total	**1,831.82**	**(1,739.13)**

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Retained Earnings		
Balance at beginning of year	(1,738.90)	(1,255.42)
Profit attributable to owners of the Company (Profit for the year)	3,588.30	(483.48)
Balance at end of year	**1,849.39**	**(1,738.90)**
(b) Remeasurement of defined benefit obligations (net) through other comprehensive income		
Balance at beginning of year	(0.23)	(0.09)
Movements	(17.34)	(0.14)
Balance at end of year	**(17.57)**	**(0.23)**

15. NON-CURRENT BORROWING

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Secured Loans		
Term Loan from Banks		
Foreign Currency Loan from Banks & Financial Institutions		
Loan from Banks	80,407.84	47,483.72
Less : Unamortized Expense on borrowings	(1,580.63)	(1,733.79)
	78,827.21	45,749.93
Total	**78,827.21**	**45,749.93**

Term Loans:

Term Loan borrowings are Secured by way of first charge on Fixed Assets by way of hypothecation and mortgage and Second charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts by way of hypothecation.

Repayment Schedule:

a) Current Rate of Interest on Rupee loan from Banks are in the range of respective banks MCLR plus spread of 1.05% to 2.20% p.a.

b) Term loan from all Banks is repayable on quarterly basis starting from June, 2020 with last installment payable in December, 2028.

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Notes forming part of the Financial Statements

16 PROVISIONS

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Non-current		
(a) Provision for Employee benefit obligations		
Provision for Leave benefits	71.33	10.23
Provision for Gratuity	-	-
Total-Non-Current	**71.33**	**10.23**
Current		
(a) Provision for Employee benefit obligations		
Provision for Leave benefits	7.91	43.35
Provision for Gratuity	47.90	9.67
	55.81	**53.02**
Total-Current	**127.14**	**63.25**

17. DEFERRED TAX ASSETS / LIABILITY (NET)

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(i) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Provision for Depreciation	1,938.07	
Others		-
Effect on IND AS Adjustment		
Total Deferred Tax Liability	**1,938.07**	**-**
(ii) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B and Others	5.27	-
DTA provided for unabsorbed depreciation & business losses	679.13	679.13
MAT Credit Entitlement	1,166.36	-
Total Deferred Tax Asset	**1,850.76**	**679.13**
Deferred tax (Assest) / Liability (net) :	**87.31**	**(679.13)**

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Notes forming part of the Financial Statements

18.	CURRENT BORROWING	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
a)	**Loans repayable on demand from Banks :**		
	(i) Secured	5,109.64	4,085.37
	(ii) Unsecured	-	5.84
b)	Unsecured Borrowings from Director and Related Parties	1,955.00	2,650.00
	Total	**7,064.64**	**6,741.20**

a) Working Capital borrowings from banks represent Cash Credit/Over draft facility with rate of interest as MCLR of respective banks plus spread ranging from 0.00% - 1.30% p.a. Buyers' Credit outstanding as on 31/3/2019 is taken for capital good imported and against Letter of Undertaking with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.27% p.a. to 0.40% p.a. These borrowings are repayable on demand.

b) Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumables Stores and Book Debts by way of hypothecation

19. OTHER FINANCIAL LIABILITIES - CURRENT

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Security Deposits		
i) Dealers	282.00	-
ii) Others	18.10	3.31
(b) Interest accrued but not due on Borrowings	267.67	16.67
(c) Creditors for Project	-	9,932.55
(d) Others	-	41.00
(e) Retention Money & Others	2,393.34	-
(f) Derivative Financial Asset- Foreign Exchange forward Contracts	0.15	-
(g) Advance Income Tax (Net of Provision)	0.00	-
Total	**2,961.26**	**9,993.53**

20. CURRENT TAX LIABILITIES

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Current Tax Liabilities		
Provision for Tax (Net of Advances)	200.37	-
Total	200.37	-

21 OTHER CURRENT LIABILITIES

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Advances received from Customer	-	0.88
(b) Statutory Dues	13.94	5.11
Total	**13.94**	**5.99**

22. OTHER NON- CURRENT LIABILITIES

	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
(a) Export Obligations (Unexpired)	1,380.41	1,702.99
Total	**1,380.41**	**1,702.99**

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Notes forming part of the Financial Statements

23 REVENUE FROM OPERATIONS

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Sale of Products	91,248.11	19,985.88
(b) Other operating revenues		
- Duty Drawback received	16.70	0.08
- MEIS Received	22.92	-
- Scrap Sales	11.93	-
- Steam Sales	50.56	-
Total	**91,350.22**	**19,985.96**

24. OTHER INCOME

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Profit on sale of Fixed Assets	0.40	-
(b) Interest Income	67.38	23.93
(c) Profit on sale of Investments	2.85	3.92
(d) Foreign Exchange Gain	26.61	-
(e) Amortize export obligation	322.56	-
(f) Rent Income	0.44	-
(g) Cash Discount (Raw Material)	5.91	-
(h) Penalties Recovered	909.71	-
Total	**1335.86**	**27.85**

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Notes forming part of the Financial Statements

25. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
Raw Material and Components Consumed		
Inventory at the beginning of the year	-	-
Add: Purchases during the year	75,787.23	-
Less: Inventory at the end of the year	3,368.93	-
Cost of Raw Material and Components Consumed	**72,418.30**	**-**
Total	**72,418.30**	**-**

26. PURCHASE OF TRADED GOODS

		For the Period March 31, 2019	For the Period March 31, 2018
(a)	Phenol	3,566.07	14,621.37
(b)	Acetone	1,658.04	4,125.72
(c)	Cumene	110.35	351.60
	Total	**5,334.46**	**19,098.69**

27. (INCREASE)/ DECREASE IN INVENTORIES

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
Inventories at the beginning of the year		
Stock in Process	-	-
Traded Goods	1,967.45	2,649.08
	1,967.45	**2,649.08**
Less:		
Inventories at the end of the year		
Stock in Process	3,148.50	-
Finished Goods	9,010.62	-
Less: Transfered To Trial Run		
Traded Goods	-	1,967.45
	12,159.12	**1,967.45**
Total	**(10,191.67)**	**681.63**

28. EMPLOYEE BENEFIT EXPENSES

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Salaries & Wages	1,848.88	266.97
(b) Contribution to provident fund and other funds	74.16	7.99
(c) Gratuity Expenses	15.97	4.93
(d) Staff Welfare Expenses	133.48	7.67
Total	**2,072.49**	**287.55**

29. POWER & FUEL EXPENSES

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Consumption of Gas	93.59	-
(b) Consumption of Coal & Coke	2,528.96	-
(c) Electricity Expenses	3,840.11	-
(d) Water Charges	221.16	-
Total	**6,683.82**	**-**

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30. FINANCE COSTS

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Interest on Borrowings	4,039.96	480.74
Total	**4,039.96**	**480.74**

31. DEPRECIATION AND AMORTISATION EXPENSES

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Depreciation on Tangible assets	2,454.04	83.48
Less: Dep. On Porta Cabin Capitalized	15.46	16.00
	2,438.58	67.48
(b) Amortisation of Intangible assets	59.27	2.71
Total	**2,497.85**	**70.19**

32. OTHER EXPENSES

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(a) Other Selling Expenses	21.18	52.88
(b) Conversion Charges	14.55	14.12
(c) Rent	176.17	17.19
(d) Repairs and maintenance to Plant and Equipments	864.86	-
(e) Repairs and maintenance to Others	28.40	0.17
(f) Insurance	140.07	11.56
(g) Rates & taxes	29.96	26.91
(h) Bank Charges	134.84	60.71
(i) Travelling & Conveyance	119.72	20.95
(j) Freight & Forwarding Charges	1,268.26	128.55
(k) Provision for doubtful debts and advances (net)	(10.57)	51.16
(l) Vehicle Expenses	138.58	9.84
(m) Legal & Professional	271.99	45.01
(n) General Expenses	869.30	56.69
(o) Payment to Auditor	21.57	11.16
(p) Director's Sitting Fees	3.40	3.16
(q) Manufacturing Exp.	165.71	-
Total	**4,257.99**	**510.06**

Note: Payment to Auditor

	For the Period March 31, 2019 Rs. in Lakhs	For the Period March 31, 2018 Rs. in Lakhs
(i) As Auditor:		
Audit fees	15.00	8.50
Tax Audit fees	1.50	1.00
Quarterly Limited Review	4.50	-
(ii) Reimbursement of Expenses	0.57	1.66
Total	**21.57**	**11.16**

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33 **Contingent Liabilities and Commitments (to the extent not provided for)**

Particulars		As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
I. Claims against the Company not acknowledged as debts in respects of:			
a) Bank Guarantees:			
-Financial & Performance		-	1,581.49
b) Disputed labour & related statutory matter		Amount not ascertainable	-
	Total (I)	**-**	**1,581.49**
II. Commitments			
Capital Commitments (Net of Advances)		1,072.93	14,904.00
	Total(II)	**1,072.93**	**14,904.00**
	Total(I+II)	**1,072.93**	**16,485.49**

34 **Tax Expenses**

A. Income Tax Expense Recognised in Profit or Loss

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
i) Current Tax		
Current tax on profit for the year	1,208.83	-
Decrease/(Increase) in deferred tax assets	775.75	(679.13)
Adjustments for current tax of prior periods		
Total Current tax expense	**1,984.58**	**(679.13)**
ii) Expense / (Benefit) Recognised in Statement of Other Comprehensive		
Re-measurement gains / (losses) on defined benefit plans	9.31	-
Equity instruments through other comprehensive income		
Total	**9.31**	**-**

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:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Profit before taxes including other comprehensive income	5,546.23	(1,162.75)
Enacted income tax rate in India	34.94%	30.90%
Computed expected tax expense	1,937.85	(359.29)
Effect of:		
Income exempt from tax	-	-
Basis differences that will reverse during a tax holiday period	-	-
Income taxed at higher/ (lower) rates	-	-
Income taxes relating to prior years	-	(320.29)
Expenses disallowed for tax purposes	-	0.45
Others, net	46.73	-
Total income tax expense	**1,984.58**	**(679.13)**

C. Deferred Tax Liabilities (net)

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

Particulars	As at March 31, 2019 Rs. in Lakhs	Recognised in Statement of Profit and Loss/OCI	As at March 31, 2018 Rs. in Lakhs	Recognised in Statement of Profit and Loss/OCI
Property, plant and equipment	1938.07	1,938.07	-	-
Total deferred tax liabilities	**1,938.07**	**1,938.07**	**-**	**-**
Disallowance u/s 43B and others	5.27	5.27	-	-
MAT credit entitlement	1166.36	1166.36		
Others	679.13	-	679.13	679.13
Total deferred tax assets	**1,850.76**	**1,171.63**	**679.13**	**679.13**
Net deferred tax (asset)/liabilities	**87.31**	**766.44**	**(679.13)**	**(679.13)**

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35 Employee Benefit Obligations

A. Gratuity

The Company 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:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Balance at the beginning of the year	35.70	21.59
Current Service Cost	20.49	10.99
Interest Cost	2.81	1.58
Actuarial (gain)/losses	26.88	1.54
Benefits Paid	(3.70)	-
Balance at the end of the year	**82.18**	**35.70**

ii) Reconciliation of opening and closing balances of Fair Value of Plan Assets:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Balance at the beginning of the year	26.04	-
Expected Return on Plan Assets	-	-
Interest Income	2.05	
Actuarial gain/(losses)	-	-
Contribution by the Company	9.67	25.00
Benefits Paid	(3.70)	-
Settlements	-	-
Return on Plan Assets excluding interest income	0.23	1.04
Balance at the end of the year	**34.29**	**26.04**
Actual Return on Plan Asset	7.78%	7.87%

iii) Assets and Liabilities Recognised in the Balance Sheet:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Present Value of Defined Benefit Obligation	82.18	35.70
Less: Fair Value of Plan Assets:	34.29	26.04
Amounts recognised as liability	**47.90**	**9.66**
Recognised under:		
Short Term provision	47.90	9.66
Total	**47.90**	**9.66**

iv) Expenses recognised in the Statement of Profit and Loss:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Current Service Cost	20.49	10.99
Net Interest Cost	0.76	1.58
Settlement - Project related transferred to CWIP	(5.28)	(7.64)
Total Expenses	**15.97**	**4.93**

v) Expenses recognised in the Other Comprehensive Income:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Actuarial gain/(losses) on Obligation for the period	(26.88)	(1.54)
Return on Plan assets, Excluding Interest Income	0.23	1.04
Gratuity capitalised in proportion to exp. booked in CWIP	-	0.36
Gratuity recognised through Other Comprehensive Income	(26.65)	(0.14)
Total Expenses recognised in OCI	**(26.65)**	**(0.14)**

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vi) **Major Category of Plan Assets**

Particulars	As at March 31, 2019 Rs. in Lakhs	%	As at March 31, 2018 Rs. in Lakhs	%
GOI Securites	-	-	-	-
Public Securities	-	-	-	-
State Government Securities	-	-	-	-
Contribution to LIC	34.29	100	26.04	100
Others				

Risk exposure

The Company 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**

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Discount Rate	7.78%	7.87%
Expected Return on Plan Assets	7.78%	7.87%
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:

Particulars	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 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2019 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs
Discount Rate	1.00%	1.00%	(10.63)	(4.25)	12.89	5.08
Salary Growth Rate	1.00%	1.00%	12.73	5.09	(10.70)	(4.34)
Attrition rate	1.00%	1.00%	(1.78)	(0.20)	1.85	0.13

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.

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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 Rs. 79.24 Lakhs (Previous Year Rs. 53.58 Lakhs), which is determined on actuarial basis using Projected Unit Credit Method.

c.) Principal Actuarial Assumptions:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount Rate	7.78%	7.87%

C. Defined Contribution Plan

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs
Employer's Contribution to Provident Fund & other fund (other than superannuation)	74.16	56.84
Employer's Contribution to Superannuation Fund	-	-

Expected Contribution for the next year	Rs. in Lakhs
Employer's Contribution to Provident Fund & other fund (other than superannuation)	81.58

36. Capital Management

The key objective of the Company'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 Company 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 Company.

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

The capital structure as of March 31, 2019 and 2018 was as follows:

Particulars	As at March 31, 2019 Rs. in Lakhs	As at March 31, 2018 Rs. in Lakhs	As at April 01, 2017 Rs. in Lakhs	% Change 2018-19	% Change 2017-18
Total Equity (A)	57,831.82	46,360.87	26,744.49	24.74	73.35
Current Loans & Borrowings	7,064.64	6,741.20	6,910.30	4.80	(2.45)
Non-Current Loans & Borrowings	78,827.21	45,749.93	8,124.18	72.30	463.13
Total Loans & Borrowings (B)	85,891.85	52,491.14	15,034.48	63.63	249.14
As % of total equity	148.52	113.22	56.22		
Total Capital (A+B)	**1,43,723.67**	**98,852.01**	**41,778.97**	**45.39**	**136.61**

Loans and borrowings represented 59.76%, 53.10% and 35.99% of total capital as of March 31, 2019, March 31, 2018, and April 1, 2017 respectively.

The Total Interest coverage ratio for the reporting period was as follows :

(Rs. In Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
EBDITA	12,084.04	(611.83)
Interest	4,039.96	480.74
Interest Coverage Ratio	**2.99**	**(1.27)**

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37 Financial Instruments

37.1. Categories of financial instruments

The carrying value of financial instruments by categories as of March 31, 2019 is as follows :

Particulars	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost
Financial Assets			
Cash and Cash Equivalents	-	-	13.32
Other Balances with Banks	-	-	2,003.77
Investments in Un Quoted Debt instruments	-	-	-
Unquoted investments (Level 3)	-	-	-
Trade receivables	-	-	23,297.31
Loans	-	-	-
Other financial asset	-	-	119.76
Total	**-**	**-**	**25,434.16**
Financial Liabilities			
Current Borrowings	-	-	7,064.64
Non-Current Borrowings	-	-	78,827.21
Trade Payables	-	-	18,290.84
Other financial liabilities	-	-	2,961.26
Total	**-**	**-**	**1,07,143.95**

The carrying value of financial instruments by categories as of March 31, 2018 is as follows :

Particulars	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost
Financial Assets			
Cash and Cash Equivalents	-	-	824.01
Other Balances with Banks	-	-	784.92
Investments in Un Quoted Debt instruments	-	801.39	-
Unquoted investments (Level 3)	-	-	-
Trade receivables	-	-	4,692.47
Loans	-	-	-
Other financial asset	-	-	96.69
Total	**-**	**801.39**	**6,398.10**
Financial Liabilities			
Current Borrowings	-	-	6,741.20
Non-Current Borrowings	-	-	45,749.93
Trade Payables	-	-	18,096.30
Other financial liabilities	-	-	9,993.53
Total	**-**	**-**	**80,580.96**

37.2. 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 31.03.2019

Particulars	(Rs. in lakhs)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Un Quoted Debt instruments	-	-	-	-
Investments in Unquoted equity instruments				-
				-

Fair Value Hierarchy as at 31.03.2018

Particulars	(Rs. in lakhs)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Un Quoted Debt instruments	801.39	-	-	801.39
Investments in Unquoted equity instruments				-
				-

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Reconciliation of Level 3 fair value measurements

Particulars	Investment in unquoted shares irrevocably designated as FVTOCI
Opening Balance as on 01.04.2017	
Purchases	
Total gains/losses in other comprehensive income	
Disposals / settlements	
Closing balance as on March 31, 2018	-
Purchases	
Total gains in other comprehensive income	
Disposals / settlements	
Closing balance as on March 31, 2019	-

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.

37.3. Financial Risk Management objectives

The Company 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 Company 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 Company'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 37.4.1
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 37.4.2
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 37.5
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities	Note 37.6

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37.4 Market Risk

The Company's financial instruments are exposed to market rate changes. The Company 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 Company's exposure to market risks or the manner in which these risks are being managed and measured.

37.4.1 Foreign Currency Risk management

The Company is exposed to foreign exchange risk on account of following:
1. Imports of raw materials and services.Exports of finished goods.
2. Exports of finished goods.
3. Foreign currency borrowings in the form of buyers credit etc. availed for meeting its funding requirements.

The Company 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)	0.02	229.66	6.19	-
INR (lakhs)	1.17	14,938.25	427.84	-
EURO (lakhs)	-	6.69	-	-
INR (lakhs)	-	539.48	-	-
GBP (lakhs)	0.02	0.02	-	-
INR (lakhs)	1.70	1.73	-	-
CHF (lakhs)		0.05	-	-
INR (lakhs)		3.62	-	-

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 in lakhs)	-	3.00	110.72	-
Forward Contracts (EUR in lakhs)	-	-	6.39	-

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)	0.02	118.94	3.19	-
EURO (lakhs)	-	0.30	-	-
GBP (lakhs)	0.02	0.02	-	-
CHF (lakhs)	-	0.05	-	-

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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 INR 1 increase and decrease against the US Dollar. INR 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 INR 1 change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens by INR 1 against the US Dollar. For a INR 1 weakening against the US Dollar, there would be a comparable impact on the profit.

Currency USD Impact on profit or loss	2018-19	2017-18
	Rs. in Lakhs	Rs. in Lakhs
Impact of INR 1 strengthening against US Dollar	6.17	(143.39)
Impact of INR 1 weakening against US Dollar	(6.17)	143.39

37.4.2 Interest Rate Risk management

The Company 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 Company 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 39.4.1(b).

b. Interest rate sensitivity analysis

The sensitivity analysis 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 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 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 **31 March 2019** would decrease/ increase by **Rs.218.68 lakhs (31 March 2018: Rs. 131.27 lakhs)**

37.5 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 Company 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 the Company's established policy, procedures and control relating to the customer credit risk management. The Company 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 Company 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	0.00%
91 to <=180 days	0.00%
'>180 days	100.00%

Age of receivables

	As at March 31, 2019	As at March 31, 2018
Within the Credit period	23,249.99	4,691.29
91 to <=180 days	47.62	-
'>180 days	40.30	52.35

Reconciliation of loss allowance provision - Trade receivables

Particulars	For the Period March 31, 2019 Rs. in Lakhs
Loss allowance on April 01, 2017	-
Changes in loss allowance	51.16
Loss allowance on March 31, 2018	51.16
Changes in loss allowance	-10.56
Loss allowance on March 31, 2019	40.60

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37.6 Liquidity Risk management

The Company 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 including estimated interest payments as at March 31, 2019:

Rs. in lakhs

	Carrying amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Accouts payable	(18,290.84)	(18,290.84)			(18,290.84)
Borrowings	(85,891.85)	(7,064.64)	(8,040.79)	(70,786.42)	(85,891.85)
Foreign Currency Forward Contracts, option conracts and interest swaps	0.15	0.15			0.15
Trade receivables (Gross)	23,337.91	23,337.91			23337.91
Total	**(80,844.63)**	**(2,017.42)**	**(8,040.79)**	**(70,786.42)**	**(80,844.63)**

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

Rs. in lakhs

	Carrying amount
Loans	-
Other financial assets	119.76
Total	**119.76**

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2018:

Rs. in lakhs

	Carrying amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Accouts payable	(18,096.30)	(18,096.30)	-	-	(18,096.30)
Borrowings	(52,491.14)	(6,741.20)	(3,360.00)	(42,389.94)	(52,491.14)
Foreign Currency Forward Contracts, option conracts and interest swaps	7,716.81	7,716.81	-	-	7,716.81
Trade receivables	4,692.47	4,692.47	-	-	4,692.47
Total	**(58,178.15)**	**(12,428.22)**	**(3,360.00)**	**(42,389.94)**	**(58,178.15)**

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

Rs. in lakhs

	Carrying amount
Loans	-
Other financial assets	96.69
Total	**96.69**

38. Leases

(a) Operating Lease

The Company has taken various residential and office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent'

(b) Finance Lease

The Company has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the current rental. However, the Company has no specific obligation for renewal. The Company believes has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land, and has thus accounted for the same as finance lease.

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39. Segment Information

a. Secondary Segment Information

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

Revenue	**For the Period March 31, 2019 Rs. in Lakhs**	**For the Period March 31, 2018 Rs. in Lakhs**
In India	90,051.74	19,971.15
Outside India	1,298.48	42.65
TOTAL	**91,350.22**	**20,013.80**

Carrying Amount of Segment Assets	**For the Period March 31, 2019 Rs. in Lakhs**	**For the Period March 31, 2018 Rs. in Lakhs**
In India	1,66,357.11	1,28,713.92
Outside India	427.84	0.14
TOTAL	**1,66,784.95**	**1,28,714.06**

Addition to Fixed Assets	**For the Period March 31, 2019 Rs. in Lakhs**	**For the Period March 31, 2018 Rs. in Lakhs**
In India		
- Tangible	1,12,216.16	138.70
- Intangible	1,144.91	-
Outside India		
- Tangible	-	-
- Intangible	-	-
TOTAL	**1,13,361.07**	**138.70**

40. Earning Per Share

Particulars	**For the Period March 31, 2019 Rs. in Lakhs**	**For the Period March 31, 2018 Rs. in Lakhs**
Basic and Diluted Earning per Share		
Number of Shares at the beginning (Nos. in Lakhs)	2,500.00	2,500.00
Number of Shares at the end (Nos. in Lakhs)	2,800.00	2,500.00
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lakhs)	2,800.00	2,779.45
Weighted Average Number of Shares considered for Diluted Earning Per Share (Nos. in	5,600.00	2,779.45
Net Profit after Tax available for Equity Shareholders (Rs. in Lakhs)	3,570.95	(483.48)
Basic Earning (in Rupees) Per Share of Rs. 10/- each.	1.28	(0.17)
Diluted Earning (in Rupees) Per Share of Rs. 10/- each.	0.64	(0.17)

41 Disclosures under Micro, Small and Medium Enterprise Development Act, 2006

To the extent, the company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

Particulars	**For the Period March 31, 2019 Rs. in Lakhs**	**For the Period March 31, 2018 Rs. in Lakhs**
(i) Principal amount remaining unpaid as on March 31.	2.30	-
(ii) Interest due thereon remaining unpaid as on March 31.	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

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41 Related Party Disclosures:

A) Name of Related Party and nature of relationship

(i) Holding Company:

Deepak Nitrite Limited

(ii) Key Management Personnel

Shri Deepak C. Mehta	Chairman & Managing Director
Smt. Ila Mehta	Director
Shri Shripad P Gumaste	Director
Shri Sanjay B Upadhyay	Director
Shri Sandesh K Anand	Director
Shri Rajiv M Pandya	Director
Shri P K Taneja	Director

(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 * Sundown Finvest Private Limited

(iv) Relative of Key Management Personnel

Shri C.K.Mehta

Shri A.C.Mehta

Shri Meghav D. Mehta

Smt. Ila Mehta

B) Transaction with Related Parties

(Rs. in Lakhs)

Sr. No.	Nature of Transaction	31st March, 2019				31st March, 2018			
		Holding Company	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL	Holding Companies	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL
1	**Receiving of services / Reimbursement of Expenses**								
	Deepak Nitrite Limited	327.53	-	-	327.53	643.56	-	-	643.56
	Deepak Nitrite Limited - HSD	0.68			0.68				
	Deepak Nitrite Limited - Dahej	56.46		-	56.46	26.25		-	26.25
	Deepak Cybit Pvt Ltd	-	-	16.64	16.64	-	-	17.10	17.10
	Deepak Medical Foundation	-	-	47.87	47.87	-	-	3.62	3.62

Sr. No.	Nature of Transaction	31st March, 2019				31st March, 2018			
		Holding Company	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL	Holding Companies	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL
2	**Purchase of Goods & goods clearance services**								
	Deepak Fertilizer & Petro Chemicals Corp Ltd	-	-	9.47	9.47	-	-	2,167.60	2167.60
3	**Purchase of capital assets**								
	Deepak Nitrite Limited								
	- Land	-	-	-	-	-	-	-	0.00
	- Compound Wall	-	-	-	-	87.02	-	-	87.02
4	**Sales of Material/Providing of Services**								
	Deepak Nitrite Ltd.								
	Sales of Material (Cumene)APL	(505.07)	-	-	(505.07)	(422.75)	-	-	(422.75)
	Sales of Material (Benzene) NDS	(172.46)			(172.46)				
	Sales of Material (Steam) DHJ	(151.72)			(151.72)				
	Services	(27.30)	-	-	(27.30)	(1.77)	-	-	(1.77)
	Deepak Novochem Technologies Ltd.	-	-	-	-	-	-	-	-
	Rental Income (Office Rent)	-		(0.54)	(0.54)	-	-	(0.11)	(0.11)
5	**Application money received, pending allotment & Equity Contribution**								
	Deepak Nitrite Limited								
	Equity Share Capital	-	-	-	-	-	-	-	-
	Preference Share Capital	7,900.00	-	-	7,900.00	15,100.00	-	-	15,100.00
	Preference Share Application Money	-	-	-	-	5,000.00	-	-	5,000.00
6	**Loan received**								
	Deepak C Mehta- Interest	-	-	-	-	-	-	-	0.00
	Storewell Credits and Capital Pvt Ltd.	-	-	-	-	-	-	-	0.00
7	**Interest Paid**								
	Deepak C Mehta- Interest	-	20.34	-	20.34	-	72.59	-	72.59
	Storewell Credits and Capital Pvt Ltd.	-		221.93	221.93	-	-	241.50	241.50

Sr. No.	Nature of Transaction	31st March, 2019				31st March, 2018			
		Holding Company	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL	Holding Companies	Key Managerial Person	Entities over which key managerial personnel or their relatives are able to excerise significant influence	TOTAL
8	**Net Accounts Receivable / (Payable)**								
	Deepak Nitrite Limited	245.30	-	-	245.30	412.61	-	-	412.61
	Deepak C Mehta	-		-	-	-	(350.00)	-	(350.00)
	Deepak Cybit Ltd.	-	-		-	-		(2.50)	(2.50)
	Storewell Credits and Capital Pvt Ltd	-	-	(1,955.00)	(1,955.00)	-		(2,300.00)	(2,300.00)
	Deepak Novachem Technologies Ltd.	-	-	(0.31)	(0.31)	-	-	(0.31)	(0.31)
	Deepak Medical Foundation	-	-	4.00	4.00	-	-	15.00	15.00

As per our report of even date

For
M/s B.K. Khare & Co.
Chartered Accountants
Firm Registration No. - 105102W

B.K. KHARE & CO Chartered Accountants MUMBAI

Ravi Kapoor
Partner
Membership No. 040404

Mumbai: May 02, 2019

For and on behalf of the Board

D. C. Mehta
Chairman & Managing Director

Sanjay Upadhyay
Director

Shripad Gumaste
Director

Sandesh Anand
Director

Ajay Jajoo
Chief Financial Officer

Arvind Bajpai
Company Secretary

Vadodara: May 02, 2019