

## Independent Auditor’s Report

TO THE MEMBERS OF  
CAPRIHANS INDIA LIMITED

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of Caprihans India Limited (“the Company”), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and Notes to the Ind AS financial statements, including a Summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Ind AS 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 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 audit opinion on the Ind AS financial statements.

#### Emphasis of Matter

We draw your attention to Note 38 of the accompanying financial statements, which describes the management’s evaluation of impact of uncertainties related to COVID-19 and their assessment of liquidity for next one year and of the recoverability and carrying value of its assets comprising of tangible assets, inventories and other current assets as at the Balance sheet date.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b> (as described in Note 2.2(xi) of the Ind AS financial statements)	
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, in accordance with the delivery terms agreed with the customer. The Company has a variety of delivery terms with customers which impacts the timing of revenue recognition. Ascertainment of timing of revenue recognition is a key audit consideration for sales transactions occurring near to the year end.	Our audit procedures included the following: <ul style="list-style-type: none"> <li>• Obtained understanding of the Company’s process and design of the controls to recognize revenue in appropriate period and tested the operating effectiveness of the controls on a sample basis.</li> <li>• Read and assessed the Company’s accounting policy for recognition of revenue to assess compliance with relevant Accounting Standards.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Performed following substantive procedures on a sample of revenue contracts entered by the Company:               <ul style="list-style-type: none"> <li>– Read and identified the distinct performance obligations in these contracts and compared these performance obligations with those identified and recorded by the Company.</li> <li>– Read the terms of the contracts and tested the basis used by the management for recognition of revenue at a point of time as per the requirements of Ind AS 115.</li> <li>– Tested the basis used by the management to measure revenue recognised at a point in time as per the requirements of Ind AS 115.</li> <li>– Tested on a sample basis that revenue has been recognised in the appropriate accounting period.</li> </ul> </li> </ul>
<b>Receivables from related parties</b> (as described in Note 33 of the Ind AS financial statements)	
<p>The Company has significant outstanding receivables from related parties. These include:</p> <p>a. <u>Receivables from Kalpataru Limited (formerly known as Kalpataru Homes Limited)</u> The Company has outstanding receivables of Rs. 245.74 lacs, pertaining to certain non-core assets which were underwritten by Kalpataru Limited. Specific performance of such underwriting by Kalpataru Limited has been guaranteed by Mr. Mofatraj P. Munot, Director of the Kalpataru Group Companies and by others.</p> <p>b. <u>Receivables from Bilcare Limited (the Ultimate Holding Company) (“Bilcare”)</u> The Company has outstanding receivables of Rs. 677.22 lacs, pertaining to trade receivables, inter corporate deposits and interest on inter corporate deposit. The above receivables are pertaining to transactions entered prior to 2015. Considering the age of these receivables from related parties, the above was determined as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the documents underlying these transactions, to understand the contract and approval of the Board of Directors for transaction with Bilcare Limited.</li> <li>• Assessed and tested the management basis for making the provision against these receivables.</li> <li>• Read the documents relating to Guarantee for receivables from Kalpataru Limited, to understand the terms of the Guarantee.</li> <li>• Traced the amounts as disclosed in these financial statements to the underlying books of account and to the confirmations.</li> <li>• Read and assessed the disclosure made in the financial statements for assessing compliance with disclosure requirements.</li> </ul>
<b>Non-compete agreement</b> (as described in Note 33 of the Ind AS financial statements)	
<p>During the current year, Bilcare Research AG (BRAG), was divested from Bilcare Group, which also resulted in change of the holding company of the Company from Bilcare Research GmbH to Bilcare Mauritius Limited.</p> <p>In a letter dated November 8, 2019, Bilcare informed the Company that pursuant to Bilcare’s divestment of Bilcare Research AG (BRAG), Bilcare has agreed not to compete for 2 years effective from November 8, 2019 in the PVC/ PVDC segment in markets other than India, Saudi Arabia, Iran &amp; Bangladesh (“Non-compete markets”) without any consideration.</p> <p>Accordingly, the Company has not made sales in these non-compete markets except for the orders on hand on November 8, 2019, for which specific permission was obtained.</p> <p>The non-compete restrictions impact the Company’s operations, and hence considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the extracts of share purchase agreement entered between Bilcare Research GmbH and Bilcare Mauritius Limited and the other documents relating to the non-compete transaction to understand the impact of the same on the operations of the Company.</li> <li>• Read the minutes of the Board and Audit Committee meetings to verify approval of the Board of Directors on the non-compete restrictions.</li> <li>• Discussed with management about their assessment of impact on the capacity utilization of the Company consequent to the acceptance of the non-compete restrictions</li> <li>• Read and assessed the disclosure made in the Ind AS financial statements.</li> </ul>

### Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors’ Report, but does not include the Ind AS financial statements and our auditor’s report thereon.

Our opinion on the 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 such other information is materially inconsistent with the 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.

#### **Responsibilities of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 with reference to financial statements 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 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.

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 for the financial year ended March 31, 2020 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 Act, based on our audit we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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;
  - (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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) The matter described in Emphasis of Matter para above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SRBC & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta

*Partner*

Membership Number: 213935

UDIN: 20213935AAAABK1648

Place of Signature: Pune

Date: – June 23, 2020

## Annexure ‘1’ to The Independent Auditor’s Report

(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report to the members of Caprihans India Limited of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in earlier years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ investment property are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) According to the information and explanations given to us, 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 the Companies Act, 2013 (“the Act”), during the year. Accordingly, the provisions of clause 3(iii) (a) of the Order are not applicable to the Company and hence not commented upon.
- (b) In respect of loan granted in earlier years, to a Company covered in the register maintained under section 189 of the Act, the repayment of principal amount was not made as stipulated and the payment of interest was not due as at the year end in accordance with the revised repayment schedule.
- (c) The Company has amounts aggregating to Rs. 12.50 lacs which are overdue for more than ninety days in accordance with the revised repayment schedule from a Company covered in the register maintained under section 189 of the Act and in our opinion and according to the information and explanation given by the management, the Company has taken reasonable steps for the recovery of the principal. Also refer note 33 of the Ind AS financial statements.
- (iv) In our opinion, and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which the provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of PVC films and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, customs duty, goods and service tax, cess and other statutory dues wherever applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, custom duty, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, customs duty, excise duty, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. lakhs)	Period to which amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty including penalty	119.62*	2004 to 2005	CESTAT

Note: \* The amounts disclosed above are net of the payments made to the respective authorities where the dispute is pending.

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company and accordingly the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards except for transactions with Bilcare Limited aggregating to Rs. 251.00 lacs, where the recoveries are not as per stipulated terms.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta

*Partner*

Membership Number: 213935

UDIN: 20213935AAAABK1648

Place of Signature: Pune

Date: June 23, 2020

## **Annexure to The Independent Auditor’s Report of even Date on the Financial Statements of Caprihans India Limited**

### **Report on the Internal Financial Controls 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 Caprihans India Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the 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, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements 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”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, 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 **S R B C & COLL P**  
*Chartered Accountants*  
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta  
*Partner*

Membership Number: 213935  
UDIN: 20213935AAAABK1648

Place of Signature: Pune  
Date: June 23, 2020



## BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Notes	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	1,827.35	1,953.65
(b) Capital work-in-progress	3	31.70	12.52
(c) Investment property	4	66.28	79.73
(d) Intangible assets	5	73.27	111.64
(e) Financial assets			
(i) Loans	6	2.11	4.75
(ii) Other financial assets	7	463.97	464.47
(f) Deferred tax assets (net)	29	310.33	325.76
(g) Other non-current assets	8	86.75	30.93
(h) Income tax assets (net)	12	40.17	68.32
<b>Total non-current assets</b>		<b>2,901.93</b>	<b>3,051.77</b>
<b>II. Current assets</b>			
(a) Inventories	9	5,474.40	3,693.42
(b) Financial assets			
(i) Trade receivables	10	6,879.25	7,335.33
(ii) Cash and cash equivalents	11	524.02	656.66
(iii) Bank balance other than (ii) above	11	2,221.27	1,221.93
(iv) Loans	6	10.69	9.31
(v) Others financial assets	7	65.08	52.07
(c) Income tax assets (net)	12	29.38	67.39
(d) Other current assets	13	153.23	234.72
<b>Total current assets</b>		<b>15,357.32</b>	<b>13,270.83</b>
<b>Total assets</b>		<b>18,259.25</b>	<b>16,322.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	1,313.40	1,313.40
(b) Other equity			
(i) Securities premium	15	6,497.27	6,497.27
(ii) General reserve	15	575.00	560.00
(iii) Retained earnings	15	5,467.79	4,695.22
<b>Total equity</b>		<b>13,853.46</b>	<b>13,065.89</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Provisions	18	243.39	219.62
<b>Total non-current liabilities</b>		<b>243.39</b>	<b>219.62</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Trade and other payables			
(a) Outstanding dues of micro and small enterprises	17	121.06	161.61
(b) Outstanding dues other than micro and small enterprises	17	3,598.25	2,498.40
(ii) Other financial liabilities	16	21.23	25.16
(b) Other current liabilities	19	222.09	110.25
(c) Provisions	18	110.82	112.70
(d) Current tax liabilities (net)	12	88.95	128.97
<b>Total current liabilities</b>		<b>4,162.40</b>	<b>3,037.09</b>
<b>Total liabilities</b>		<b>4,405.79</b>	<b>3,256.71</b>
<b>Total equity and liabilities</b>		<b>18,259.25</b>	<b>16,322.60</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of Caprihans India Limited

per Vaibhav Kumar Gupta

Partner

Membership No.: 213935

Place : Pune

Date : 23 June 2020

ROBIN BANERJEE

Managing Director

DIN: 00008893

Place : Mumbai

Date : 23 June 2020

SIDDHARTH S. SHETYE

Director

DIN: 06943119

Place : Pune

Date : 23 June 2020

PRITAM PAUL

CFO & Company Secretary

FCS Membership No. 5861

Place : Mumbai

Date : 23 June 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Notes	Year ended 31 March 2020 INR lacs	Year ended 31 March 2019 INR lacs
<b>Income</b>			
<b>Revenue from operations</b>			
Revenue from contracts with customers	20	28,688.25	26,658.48
Other operating income	20	256.35	235.34
<b>Revenue from operations</b>		<b>28,944.60</b>	<b>26,893.82</b>
Other income	21	491.15	351.88
<b>Total income (I)</b>		<b>29,435.75</b>	<b>27,245.70</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	22	19,491.95	19,118.74
(Increase) / decrease in inventories of finished goods and work-in-progress	23	(86.11)	(212.04)
Employee benefits expense	24	2,675.01	2,396.00
Finance costs	25	80.06	68.84
Depreciation and amortisation expense	26	379.92	335.25
Other expenses	27	5,695.62	5,077.47
<b>Total expenses (II)</b>		<b>28,236.45</b>	<b>26,784.26</b>
<b>Profit before tax</b>		<b>1,199.30</b>	<b>461.44</b>
<b>Tax expense</b>			
Current tax	29	374.51	127.27
Adjustment of tax relating to earlier years	29	(110.35)	(25.00)
Deferred tax charge/(credit)	29	15.43	(7.00)
<b>Total tax expense</b>		<b>279.59</b>	<b>95.27</b>
<b>Profit for the year</b>		<b>919.71</b>	<b>366.17</b>
<b>Other comprehensive loss</b>			
<b>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement of losses on defined benefit plans	28	(17.92)	(0.81)
Income tax effect	29	4.51	0.27
		<b>(13.41)</b>	<b>(0.54)</b>
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		<b>(13.41)</b>	<b>(0.54)</b>
<b>Total other comprehensive loss for the year, net of tax</b>		<b>(13.41)</b>	<b>(0.54)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>906.30</b>	<b>365.63</b>
<b>Profit for the year</b>		<b>919.71</b>	<b>366.17</b>
<b>Total comprehensive income for the year</b>		<b>906.30</b>	<b>365.63</b>
Earnings per share [nominal value per share 31 March 2020 : INR 10/- (31 March 2019: INR 10/-)]			
Basic and diluted	30	7.00	2.79
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of Caprihans India Limited

per Vaibhav Kumar Gupta

Partner

Membership No.: 213935

Place : Pune

Date : 23 June 2020

ROBIN BANERJEE

Managing Director

DIN: 00008893

Place : Mumbai

Date : 23 June 2020

SIDDHARTH S. SHETYE

Director

DIN: 06943119

Place : Pune

Date : 23 June 2020

PRITAM PAUL

CFO & Company Secretary

FCS Membership No. 5861

Place : Mumbai

Date : 23 June 2020

**STATEMENT OF CASH FLOW THE YEAR ENDED 31 MARCH 2020**

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>1,199.30</b>	461.44
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortisation expense	379.92	335.25
(Profit) / loss on disposal of property, plant & equipment and investment property	(193.94)	(3.46)
Bad debts and provision for doubtful debts	207.11	13.39
Foreign exchange differences	(17.88)	(0.12)
Finance costs	80.06	68.84
Finance income	(173.46)	(164.61)
Provision written back	(25.09)	—
<i>Working capital adjustments</i>		
Decrease/(Increase) in trade receivables	279.76	(986.80)
(Increase)/ Decrease in inventories	(1,780.98)	234.76
(Decrease) / Increase in loans and other financial assets	4.71	(3.83)
(Increase) in other non-current assets	(0.78)	(0.92)
Decrease in other current assets	81.49	179.63
Increase / (decrease) in trade and other payables	1,071.49	(186.27)
Decrease in financial liabilities	(3.93)	(42.28)
Increase/(Decrease) in other current liabilities	111.84	(29.93)
Increase in provisions	3.97	25.77
<b>Net cash generated from/(used in) operations</b>	<b>1,223.59</b>	(99.13)
Income taxes paid	(233.51)	(171.83)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>990.08</b>	(270.96)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	205.95	5.61
Interest received	160.49	200.95
Purchase of property, plant and equipment and intangible assets	(288.03)	(578.60)
Maturity of / (investment in) bank deposits - net	(1,000.40)	1,239.16
<b>NET CASH (USED IN) /GENERATED FROM INVESTING ACTIVITIES</b>	<b>(921.99)</b>	867.12
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost	(80.06)	(68.84)
Final dividend paid	(98.50)	(197.01)
Tax on final dividend paid	(20.24)	(40.49)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(198.80)</b>	(306.34)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(130.71)</b>	289.82
<b>Cash and cash equivalents at the beginning of the year</b>	<b>641.50</b>	351.69
<b>Cash and cash equivalents at the end of the year</b>	<b>510.79</b>	641.51
<b>Components of cash and cash equivalents</b>		
Cash on hand	3.61	2.23
Balance with banks		
Current accounts	239.19	252.16
Deposits with original maturity of less than three months	267.00	375.50
Remittances in transit	0.99	11.61
<b>Total cash and cash equivalents (refer note 11)</b>	<b>510.79</b>	641.50

As per our report of even date  
For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of Caprihans India Limited

per Vaibhav Kumar Gupta  
Partner  
Membership No.: 213935  
Place : Pune  
Date : 23 June 2020

ROBIN BANERJEE Managing Director DIN: 00008893 Place : Mumbai Date : 23 June 2020	SIDDHARTH S. SHETYE Director DIN: 06943119 Place : Pune Date : 23 June 2020	PRITAM PAUL CFO & Company Secretary FCS Membership No. 5861 Place : Mumbai Date : 23 June 2020
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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

### A. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of Shares (in lacs)	INR lacs
At 31 March 2019	131.34	1,313.40
<b>At 31 March 2020</b>	<b>131.34</b>	<b>1,313.40</b>

### B. Other equity

#### Attributable to the equity holders of the Company

Particulars	Reserves and surplus			INR lacs
	Securities premium	General reserve	Retained earnings	
	Note 15	Note 15	Note 15	
				Total
<b>As at 01 April 2018</b>	<b>6,497.27</b>	<b>530.00</b>	<b>4,597.09</b>	<b>11,624.36</b>
Profit for the year	—	—	366.17	366.17
Other comprehensive income for the year	—	—	(0.54)	(0.54)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>365.63</b>	<b>365.63</b>
Final dividend for the year ended 31 March 2018	—	—	(197.01)	(197.01)
Tax on final dividend for the year ended 31 March 2018	—	—	(40.49)	(40.49)
Transfer from retained earnings	—	30.00	—	30.00
Transfer to general reserve	—	—	(30.00)	(30.00)
<b>As at 31 March 2019</b>	<b>6,497.27</b>	<b>560.00</b>	<b>4,695.22</b>	<b>11,752.49</b>
Profit for the year	—	—	919.71	919.71
Other comprehensive income for the year	—	—	(13.41)	(13.41)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>906.30</b>	<b>906.30</b>
Final dividend for the year ended 31 March 2019	—	—	(98.50)	(98.50)
Tax on final dividend for the year ended 31 March 2019	—	—	(20.24)	(20.24)
Transfer from retained earnings	—	15.00	—	15.00
Transfer to general reserve	—	—	(15.00)	(15.00)
<b>As at 31 March 2020</b>	<b>6,497.27</b>	<b>575.00</b>	<b>5,467.79</b>	<b>12,540.06</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of Caprihans India Limited

per Vaibhav Kumar Gupta

Partner

Membership No.: 213935

Place : Pune

Date : 23 June 2020

ROBIN BANERJEE

Managing Director

DIN: 00008893

Place : Pune

Date : 23 June 2020

SIDDHARTH S. SHETYE

Director

DIN: 06943119

Place : Pune

Date : 23 June 2020

PRITAM PAUL

CFO & Company Secretary

FCS Membership No. 5861

Place : Mumbai

Date : 23 June 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 1. CORPORATE INFORMATION

Caprihans India Limited ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on Bombay Stock Exchange in India. The registered office of the Company is located at Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018. The Company is engaged in the business of manufacturing of rigid and flexible PVC films, PVdC coated films and plastic extruded products.

The financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors at their meeting held on June 23, 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000) except when otherwise indicated.

#### 2.2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

##### i. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- 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:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

##### Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

##### ii. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

##### a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

#### iii. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's finance team determines the policies and procedures for recurring fair value measurement for items, such as derivative instruments.

External valuers are involved for valuation of significant assets such as investment properties. Involvement of external valuation experts is decided upon annually by the finance team after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance team decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance team analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the finance team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Finance team, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the finance team and the Company's external valuers present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Disclosures for valuation methods, significant estimates and assumptions (note 2.3 and 38)
- b) Investment properties (note 4)
- c) Financial instruments (including those carried at amortised cost) (note 6, 7, 10, 11, 16, 17, 36, 38)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

#### iv. Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

#### Depreciation

Depreciation is calculated on assets over the estimated useful life of assets and methods used as mentioned below:

Asset Category	Depreciation method	Useful lives estimated by the management (years)	Useful lives as per Schedule II (years)
Land leasehold	Straight line	95-99	N.A.
Buildings	Written down value	30-60	30-60
Plant & equipment ( Production)	Written down value	15	15
Plant & equipment (other than production)	Written down value	10-15	10-15
Furniture & fixture	Written down value	10	10
Vehicles	Written down value	8	8
Office equipment	Written down value	3-6	3-6

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

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

#### v. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing parts. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

#### Depreciation

Depreciation on investment property is calculated on a written down value basis over the estimated useful life of assets as follows:

Asset Category	Useful lives estimated by the management (years)	Useful lives as per Schedule II (years)
Buildings	60	60

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

An investment property is derecognised on disposal or on permanent withdrawal from use and no future economic benefits are expected from its disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

#### vi. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### Amortisation

Amortisation of intangible assets with finite useful life is calculated on a straight-line basis as follows:

Asset category	Life in years
Computer Software	5

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset

The ability to measure reliably the expenditure during development following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### vii. Non-current assets held for sale

The Company has disclosed non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded as met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)****viii. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (x) Impairment of non-financial assets.

**ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

**ix. Inventories**

- a) Raw materials, components, including in transit, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials, components and stores and spares is determined on a weighted average basis.
- b) Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)****x. Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Whenever an impairment indicator exists or an annual impairment testing is required, the Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

**xi. Revenue from contract with customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

However, GST is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally in accordance with the delivery terms agreed with the customer. The general credit term is 0 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and consideration payable to the customer.

**(i) Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of the products provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)**

Rights of return - Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

Volume rebates - The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**Contract balances*****Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

***Trade receivables***

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (xii) Financial instruments – initial recognition and subsequent measurement.

***Contract liabilities***

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

***Interest income***

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

***Rental income***

Rental income arising from operating leases on investment properties is accounted for on an actual basis and is included under the head "other income" in the statement of profit and loss.

**xii. Financial instruments**

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

**(a) Financial assets****(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (xi) Revenue from contracts with customers.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)**

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The financial assets are subsequently measured at amortised cost.

**(ii) De-recognition of financial assets**

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**(iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL 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 EIR. When estimating the cash flows, an entity is required to consider:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and revenue receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

#### (b) Financial liabilities

##### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables.

##### (ii) Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as fair value through profit or loss ('FVTPL'), fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has designated derivative instruments as financial liability as at fair value through profit and loss.

##### (iii) De-recognition

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

#### xiii. Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)****xiv. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**Export incentives**

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the profit or loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

**xv. Taxes****Current income tax**

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of profit or loss. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the profit or loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Sales / value added tax / GST**

Expenses and assets are recognised net of the amount of sales / value added taxes / GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### xvi. Retirement and other employee benefits

Retirement benefits in the form of provident fund, superannuation scheme and employee state insurance scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the schemes. The Company recognizes contribution payable to the schemes as an expense, when an employee renders the related service. If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the schemes are recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The employee's gratuity fund scheme is Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the projected unit credit method as at the date of the balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

#### Other long term employment benefits:

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the projected unit credit method as at the date of the balance sheet.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability; and re-measurements of the net defined benefit liability in the profit or loss.

#### xvii. Earnings per share ('EPS')

Basic EPS is calculated by dividing the Company's earnings for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

#### xviii. Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

#### xix. Provisions

##### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

##### Contingent liability

Contingent liability is disclosed in the case of :

- a present obligation arising from past events, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a present obligation arising from past events, where no reliable estimate is possible; and
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a. Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### Defined benefit plans

The cost of the defined benefit plans and other employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES: (contd.)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 31.

#### 2.4. Changes in accounting policies and disclosures

##### **New and amended standards**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ended 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

##### **Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Based on the Company's evaluation, the standard did not have significant impact on the financial statements of the Company.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 3 : PROPERTY, PLANT AND EQUIPMENT**

(INR lacs)

	Land Leasehold	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total
<b>At Cost</b>							
<b>As at 1 April 2018</b>	<b>2.28</b>	<b>325.35</b>	<b>2,001.20</b>	<b>46.83</b>	<b>17.58</b>	<b>145.62</b>	<b>2,538.86</b>
Additions	—	18.36	528.24	14.66	—	12.89	574.15
Disposals	—	—	13.16	—	6.09	0.74	19.99
<b>As at 31 March 2019</b>	<b>2.28</b>	<b>343.71</b>	<b>2,516.28</b>	<b>61.49</b>	<b>11.49</b>	<b>157.77</b>	<b>3,093.02</b>
Additions	—	0.72	198.68	1.61	—	8.81	209.82
Disposals	—	—	—	0.26	8.97	2.28	11.51
<b>As at 31 March 2020</b>	<b>2.28</b>	<b>344.43</b>	<b>2,714.96</b>	<b>62.84</b>	<b>2.50</b>	<b>164.30</b>	<b>3,291.33</b>
<b>Depreciation</b>							
<b>As at 1st April 2018</b>	<b>0.13</b>	<b>69.85</b>	<b>677.47</b>	<b>19.13</b>	<b>11.73</b>	<b>90.15</b>	<b>868.46</b>
Depreciation for the year	0.04	22.51	225.66	7.92	1.34	31.30	288.77
Disposals	—	—	12.51	—	4.62	0.73	17.86
<b>As at 31 March 2019</b>	<b>0.17</b>	<b>92.36</b>	<b>890.62</b>	<b>27.05</b>	<b>8.45</b>	<b>120.72</b>	<b>1,139.37</b>
Depreciation for the year	0.04	23.18	281.58	9.15	0.27	19.67	333.89
Disposals	—	—	—	0.25	6.94	2.09	9.28
<b>As at 31 March 2020</b>	<b>0.21</b>	<b>115.54</b>	<b>1,172.20</b>	<b>35.95</b>	<b>1.78</b>	<b>138.30</b>	<b>1,463.97</b>
<b>Net book value</b>							
<b>As at 31 March 2020</b>	<b>2.07</b>	<b>228.89</b>	<b>1,542.76</b>	<b>26.89</b>	<b>0.74</b>	<b>26.00</b>	<b>1,827.35</b>
As at 31 March 2019	2.11	251.35	1,625.66	34.44	3.04	37.05	1,953.65

Notes:

**(i) Capital work in progress:**

Capital work-in-progress comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date. Total amount of CWIP as at 31 March 2020 is INR 31.70 lacs (31 March 2019: INR 12.52 lacs).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 4 : INVESTMENT PROPERTY**

(INR lacs)

	<b>Building</b>
<b>Cost</b>	
<b>As at 1 April 2018</b>	<b>96.50</b>
Additions	—
Disposals	—
<b>As at 31 March 2019</b>	<b>96.50</b>
Additions	—
Disposals	11.80
<b>As at 31 March 2020</b>	<b>84.70</b>
<b>Depreciation</b>	
<b>As at 1 April 2018</b>	<b>12.87</b>
Depreciation for the year	3.90
Disposals	—
<b>As at 31 March 2019</b>	<b>16.77</b>
Depreciation for the year	3.65
Disposals	2.00
<b>As at 31 March 2020</b>	<b>18.42</b>
<b>Net Book value</b>	
As at 31 March 2020	66.28
As at 31 March 2019	79.73

**Notes:**

(i) **Information regarding income and expenditure of investment property**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>INR lacs</b>	<b>INR lacs</b>
Rental income derived from investment properties	<b>0.06</b>	13.04
Direct operating expenses (including repairs and maintenance) generating rental income	—	3.48
Direct operating expenses (including repairs and maintenance) that did not generate rental income	<b>8.83</b>	—
<b>(Loss)/Profit arising from investment properties before depreciation and indirect expenses</b>	<b>(8.77)</b>	9.56
<b>Less : Depreciation</b>	<b>3.65</b>	3.90
<b>(Loss)/Profit arising from investment properties before indirect expenses</b>	<b>(12.42)</b>	5.66

(ii) During the current year ended 31 March 2020, the Company has sold one of its investment property for a consideration of Rs. 200 lacs to a non related party. Given the on-going real estate market conditions, the agreed consideration was lower than the estimated fair market value of the property of Rs. 316 lacs as on 31 March 2019 (as determined by an Independent Valuer and reported in the financial statements for the year ended 31 March 2019). The revised estimated fair value of the property as determined by the Independent Valuer as on 13 February 2020 was Rs. 217 lacs. The transaction has been approved by the Board of Directors in their meeting held on 8 January 2020 and reconfirmed on 7 February 2020. The written down value of the property as on 29 February 2020 is Rs. 9.80 lacs (Gross value is Rs. 32.50 lacs). The Book Profit of Rs. 190.16 from the said sale is taken under the head Other Income.

The Company's investment property at Bandra was not leased out throughout the year.

As at 31 March 2020 and 31 March 2019, the fair values of the properties are based on valuations performed by an accredited independent valuer, who is a specialist in valuing these types of investment properties.

(iii) The Company has no restrictions on the realisability of its investment properties. Further, the Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 4 : INVESTMENT PROPERTY (Contd.)

(iv) Fair value of the investment properties are as under

Fair value	<b>Building INR lacs</b>
<b>Balance as at 1 April 2018</b>	<b>1,052.40</b>
Fair value movement for the year	67.22
Sales at fair value	—
<b>Balance as at 31 March 2019</b>	<b>1,119.62</b>
Fair value movement for the year	(60.42)
Sales at fair value	(200.00)
<b>Balance as at 31 March 2020</b>	<b>859.20</b>

#### Description of valuation techniques used and key inputs to valuation on investment properties:

Particulars	Valuation techniques	Fair value hierarchy	Fair Value	
			31 March 2020	31 March 2019
			INR lacs	INR lacs
Flat at Bandra (West), Mumbai	Fair market value	Level 2	859.20	802.82
Flats at Sion (East), Mumbai	Fair market value	Level 2	—	316.80

#### Fair value note as per valuation report of accredited valuer

The strengths and weakness of the said property, the environmental conditions, prevailing market conditions in the nearby locality and other relevant factors have been taken into account in carrying out the exercise of valuation.

### NOTE 5 : INTANGIBLE ASSETS

(INR lacs)

	Computer Software	Total
<b>Cost</b>		
<b>As at 1 April 2018</b>	<b>284.97</b>	<b>284.97</b>
Additions	15.15	15.15
Write Off	—	—
<b>As at 31 March 2019</b>	<b>300.12</b>	<b>300.12</b>
Additions	4.01	4.01
Write Off	—	—
<b>As at 31 March 2020</b>	<b>304.13</b>	<b>304.13</b>
<b>Amortisation</b>		
<b>As at 1 April 2018</b>	145.90	145.90
Amortisation for the year	42.58	42.58
Deductions	—	—
<b>As at 31 March 2019</b>	<b>188.48</b>	<b>188.48</b>
Amortisation for the year	42.38	42.38
Deductions	—	—
<b>As at 31 March 2020</b>	<b>230.86</b>	<b>230.86</b>
<b>Net Block</b>		
As at 31 March 2020	73.27	73.27
As at 31 March 2019	111.64	111.64

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 6 : LOANS**

<b>Particulars</b>	<b>As at 31 March 2020 INR lacs</b>	<b>As at 31 March 2019 INR lacs</b>
<b>Non-current</b>		
<b>Loans (unsecured)</b>		
— To employees (considered good)	2.11	4.75
— To related party (credit impaired) (refer note 33)	57.50	—
	<b>59.61</b>	4.75
Less: Provision for credit impaired loans	(57.50)	—
<b>Total loans</b>	<u><u>2.11</u></u>	<u><u>4.75</u></u>
<b>Current</b>		
<b>Loans (unsecured)</b>		
— To employees (considered good)	10.69	9.31
— To related party (credit impaired) (refer note 33)	130.00	225.00
	<b>140.69</b>	234.31
Less: Provision for credit impaired loans	(130.00)	(225.00)
<b>Total loans</b>	<u><u>10.69</u></u>	<u><u>9.31</u></u>
<b>Total Loans</b>	<u><u>12.80</u></u>	<u><u>14.06</u></u>

Loans are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

There are no loans given to directors or firms / private companies where directors are interested for the periods presented.

**NOTE 7 : OTHER FINANCIAL ASSETS**

<b>Particulars</b>	<b>As at 31 March 2020 INR lacs</b>	<b>As at 31 March 2019 INR lacs</b>
<b>Non-current (unsecured considered good unless otherwise specified)</b>		
Security deposits	166.06	167.59
Interest accrued on deposits	2.17	2.21
Receivable in respect of non-core activities (net) (refer note 33)	245.74	245.74
Bank deposits with remaining maturity of more than 12 months	50.00	48.93
Interest accrued on intercorporate deposits (credit impaired) (refer note 33)	238.72	187.97
	<b>702.69</b>	652.44
Less: Provision for credit impaired assets	(238.72)	(187.97)
<b>Total Non-current financial assets</b>	<u><u>463.97</u></u>	<u><u>464.47</u></u>
<b>Current (unsecured considered good unless otherwise specified)</b>		
Interest accrued on deposits	65.08	52.07
Interest accrued on intercorporate deposits (refer note 33)	—	2.50
	<b>65.08</b>	54.57
Less: Provision for credit impaired assets	—	(2.50)
<b>Total current financial assets</b>	<u><u>65.08</u></u>	<u><u>52.07</u></u>
<b>Total other financial assets</b>	<u><u>529.05</u></u>	<u><u>516.54</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 7 : OTHER FINANCIAL ASSETS (Contd.)

#### Note - Receivable in respect of non-core activities

In terms of the agreement with Kalpataru Ltd (KL) for disposal of assets of the activities identified as non-core (referred to as non-core assets) the Company is yet to realise an amount of INR 245.74 lacs, which is outstanding since 2005. The delay in the realisation is on account of appeal filed by the Company before the Hon'ble High Court of Bombay challenging the arbitration award passed in the earlier year. As the realisation of this amount is underwritten by KL and the performance of KL has been guaranteed by Mr. Mofatraj P. Munot (Director of the Company till 20 September 2019), Kalpataru Group Companies and others, the management is confident of full recovery of non-core dues in due course. Further the Company has received interest income for the year ended 31 March 2020 of INR 14.70 lacs (31 March 2019 of INR 14.70 lacs) from KL on account of delay in realisation.

### NOTE 8 : OTHER NON-CURRENT ASSETS

#### Particulars

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Capital advances (unsecured considered good)	81.38	26.34
Prepaid expenses (unsecured considered good)	5.37	4.59
<b>Total</b>	<b>86.75</b>	<b>30.93</b>

There are no advances given to directors or firms / private companies where directors are interested for all the periods presented.

### NOTE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

#### Particulars

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Raw materials		
Raw materials and components	1969.59	1,550.39
Raw materials in transit	2213.48	924.87
Work-in-progress	120.30	82.06
Finished goods	991.48	938.24
Stores and spares parts	109.16	111.64
Packing materials and fuel	41.01	51.47
Scrap	29.38	34.75
<b>Total</b>	<b>5,474.40</b>	<b>3,693.42</b>

In terms of Ind AS-2, inventories are valued at lower of cost and net realisable value and the resultant impact is recognised as an expense /(income) in the statement of profit and loss for the year ended 31 March 2020 which amounts to INR 3.78 lacs (31 March 2019, INR 13.88 lacs).

### NOTE 10 : TRADE RECEIVABLES

#### Particulars

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Unsecured</b>		
Trade receivables- others (considered good)	6,879.25	7,335.33
Trade receivables- others (credit impaired)	547.42	343.33
Trade receivables- related parties (credit impaired) (refer note 33)	251.00	288.50
<b>Total trade receivables</b>	<b>7,677.67</b>	<b>7,967.16</b>
<b>Less: Provisions for credit impaired</b>		
Trade receivables- others	(547.42)	(343.33)
Trade receivables- related parties	(251.00)	(288.50)
<b>Total provision for credit impaired</b>	<b>(798.42)</b>	<b>(631.83)</b>
<b>Total trade receivables (current)</b>	<b>6,879.25</b>	<b>7,335.33</b>

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 0-90 days.

For terms and conditions relating to related party receivables, refer note 33.

See note 38 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 11 : CASH AND BANK BALANCES**

**Particulars**

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Cash and cash equivalents</b>		
Balance with banks		
Current accounts	239.19	252.16
Unpaid dividend accounts	13.23	15.16
Deposits with original maturity of less than three months	267.00	375.50
Remittances in transit	0.99	11.61
Cash on hand	3.61	2.23
<b>Total cash and cash equivalents</b>	<u>524.02</u>	<u>656.66</u>
<b>Other bank balances</b>		
Deposits with remaining maturity of less than 12 months	1,966.53	969.03
Margin money deposits	254.74	252.90
	<u>2,221.27</u>	<u>1,221.93</u>
<b>Total</b>	<u>2,745.29</u>	<u>1,878.59</u>

Deposits are made for varying periods generally between one day and twelve months; and occasionally for periods beyond 12 months; depending on the immediate cash requirement of the Company and earn interest at the respective short term deposit rate.

The Company has earmarked two fixed deposits of INR 25 lacs each towards creation of sinking fund for operational purpose.

**Financial assets carried at amortised cost**

**Particulars**

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Loans (Note 6)	12.80	14.06
Other financial assets (Note 7)	529.05	516.54
Trade receivables (Note 10)	6,879.25	7,335.33
Cash and bank balances (Note 11)	2,745.29	1,878.59
<b>Total</b>	<u>10,166.39</u>	<u>9,744.52</u>

**NOTE 12 : INCOME TAX ASSETS (NET) / CURRENT TAX LIABILITIES**

**Particulars**

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Provision for taxation	88.95	128.96
Income tax receivables (net of provision)	69.55	135.70
<b>Total Current tax liabilities (net)</b>	<u>19.40</u>	<u>—</u>
<b>Total Current tax asset (net)</b>	<u>—</u>	<u>6.75</u>
<b>Non-current tax assets / current tax assets</b>	<u>40.17</u>	<u>68.32</u>
<b>Income tax assets</b>	29.38	67.39
<b>Current tax liabilities</b>	(88.95)	(128.97)
<b>Total</b>	<u>(19.40)</u>	<u>6.74</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 13 : OTHER CURRENT ASSETS

#### Particulars

#### Unsecured considered good

- Advances recoverable
- Balances with GST authorities
- Prepaid expenses

#### Total

	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
	34.41	110.85
	92.74	94.89
	26.08	28.98
<b>Total</b>	<b>153.23</b>	<b>234.72</b>

### NOTE 14 : SHARE CAPITAL

#### Authorised share capital

Equity shares of INR 10 each

Particulars	No. of shares	INR lacs
<b>At 1 April 2018</b>	20,000,000	2,000.00
Increase/(decrease) during the year	—	—
<b>At 31 March 2019</b>	20,000,000	2,000.00
Increase/(decrease) during the year	—	—
<b>At 31 March 2020</b>	<b>20,000,000</b>	<b>2,000.00</b>

#### Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of INR 10/- each. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

The Board of Directors has not recommended any dividend on the equity share capital of the Company for 31 March 2020 (31 March 2019 : 7.5%).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Issued, subscribed & fully paid up share capital

Equity shares of INR 10 each

Particulars	No. of shares	INR lacs
<b>At 1 April 2018</b>	13,133,971	1,313.40
Changes during the year	—	—
<b>At 31 March 2019</b>	13,133,971	1,313.40
Changes during the year	—	—
<b>At 31 March 2020</b>	<b>13,133,971</b>	<b>1,313.40</b>

### 14.1. SHARES HELD BY HOLDING COMPANY

Out of equity shares issued by the Company, shares held by its holding Company are as follows:

#### Particulars

#### Bilcare Mauritius Limited (w.e.f. 7 November 2019)

Equity shares of INR 10 each  
Equity share holding (%)

#### Bilcare Research GmbH (upto 7 November 2019)

Equity shares of INR 10 each  
Equity share holding (%)

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	INR lacs	No. of shares	INR lacs
	6,698,325	669.83	—	—
		51.00%		
	—	—	6,698,325	669.83
				51.00%



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**14.2. NUMBER OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES IN THE COMPANY**

Name of the shareholder/Relationship	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Bilcare Mauritius Limited - (Holding Company) (w.e.f. 7 November 2019)	6,698,325	51.00%	—	—
Bilcare Research GmbH - (Holding Company) (upto 7 November 2019)	—	—	6,698,325	51.00%
K. C. Holdings Private Limited - (Enterprise in which person having significant influence is a Promoter)	1,242,609	9.46%	1,242,609	9.46%
Mofatraj P. Munot - (Person having significant influence)	664,371	5.06%	664,371	5.06%

**NOTE 15 : OTHER EQUITY**

**NOTE 15.1 OTHER RESERVES**

Particulars	INR lacs			
	Securities premium	General reserve	Retained earnings	Total
<b>As at 1 April 2018</b>	6,497.27	530.00	4,597.09	<b>11,624.36</b>
Add: Profit for the year	—	—	366.17	<b>366.17</b>
Add: Other comprehensive income for the year	—	—	(0.54)	<b>(0.54)</b>
Balance available for appropriation	6,497.27	530.00	4,962.72	<b>11,989.99</b>
<b>Less : Appropriations</b>				
Transferred to general reserve	—	—	30.00	<b>30.00</b>
Add: Transfer from retained earnings	—	30.00	—	<b>30.00</b>
Final dividend for the year ended 31 March 2018	—	—	197.01	<b>197.01</b>
Tax on dividend	—	—	40.49	<b>40.49</b>
<b>As at 31 March 2019</b>	6,497.27	560.00	4,695.22	<b>11,752.49</b>
Add: Profit for the year	—	—	919.71	919.71
Add: Other comprehensive income for the year	—	—	(13.41)	(13.41)
Balance available for appropriation	6,497.27	560.00	5,601.53	12,658.79
<b>Less : Appropriations</b>				
Transferred to general reserve	—	—	15.00	15.00
Add: Transfer from retained earnings	—	15.00	—	15.00
Final dividend for the year ended 31 March 2019	—	—	98.50	98.50
Tax on dividend	—	—	20.24	20.24
<b>As at 31 March 2020</b>	<b>6,497.27</b>	<b>575.00</b>	<b>5,467.79</b>	<b>12,540.06</b>

**Other reserves**

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Securities premium	6,497.27	6,497.27
General reserve	575.00	560.00
Retained earnings	5,467.79	4,695.22
<b>Total other reserves</b>	<b>12,540.06</b>	<b>11,752.49</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 15.2 DISTRIBUTIONS MADE AND PROPOSED

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Cash dividends on equity shares declared and paid</b>		
Final dividend for the year ended 31 March 2019: INR 0.75 per share (31 March 2018: INR 1.50 per share)	98.50	197.01
Dividend distribution tax on final dividend	20.24	40.49
	<u>118.74</u>	<u>237.50</u>
<b>Proposed dividends on equity shares</b>		
Final cash dividend proposed for the year ended 31 March 2020: Nil (31 March 2019: INR 0.75 per share)	—	98.50
Dividend distribution tax on proposed dividend	—	20.24
	<u>—</u>	<u>118.74</u>

### NOTE 16 : OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Current</b>		
<b>Financial liabilities at amortised cost</b>		
Deposits from customers and others	8.00	10.00
Unclaimed dividends	13.23	15.16
<b>Total financial liabilities at amortised cost</b>	<u>21.23</u>	<u>25.16</u>
<b>Total current other financial liabilities</b>	<u>21.23</u>	<u>25.16</u>
<b>Total other financial liabilities</b>	<u>21.23</u>	<u>25.16</u>

For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer to note 38.

#### Financial liabilities at amortised cost

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Trade Payables (Note 17)	3,719.31	2,660.01
Other financial liabilities (Note 16)	21.23	25.16
<b>Total financial liabilities carried at amortised cost</b>	<u>3,740.54</u>	<u>2,685.17</u>

### NOTE 17 : TRADE AND OTHER PAYABLES

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Trade payables - current</b>		
Outstanding dues of micro and small enterprises (refer note 35)	121.06	161.61
Outstanding dues other than micro and small enterprises	3598.25	2,498.40
<b>Total current trade payables</b>	<u>3,719.31</u>	<u>2,660.01</u>

Trade payables are non-interest bearing and are normally settled on 0 - 90 days terms.

For explanations on the Company's foreign currency risk and liquidity risk management processes, refer to note 38.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 18 : PROVISIONS**

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
<b>Non-current</b>		
Employee benefit obligations:		
Compensated absences	243.39	219.62
<b>Total non-current employee benefit obligations</b>	(a) <u>243.39</u>	<u>219.62</u>
<b>Current</b>		
Employee benefit obligations:		
Compensated absences	56.00	75.45
Gratuity	54.82	37.25
<b>Total current employee benefit obligations</b>	(b) <u>110.82</u>	<u>112.70</u>
<b>Total Provisions</b>	(a + b) <u><u>354.21</u></u>	<u><u>332.32</u></u>

**Employee benefits obligations**

**a) Gratuity**

The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary. The gratuity plan is funded plan. The gratuity obligation is calculated by the Company without keeping any upper limit.

**b) Compensated absences**

The leave obligation cover the Company's liability for earned leaves.  
Also refer note 31 for detailed disclosure.

**NOTE 19 : OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2020 INR lacs	As at 31 March 2019 INR lacs
Advance from customers	33.69	27.09
<b>Other payables</b>		
Statutory dues including provident fund and tax	150.35	17.92
Tax deducted at source	24.58	28.38
Sales tax	—	21.40
Others	13.47	15.46
<b>Total other liabilities</b>	<u>222.09</u>	<u>110.25</u>
<b>Total</b>	<u><u>222.09</u></u>	<u><u>110.25</u></u>

**NOTE 20 : REVENUE FROM OPERATIONS**

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>Revenue from contracts with customers</b>		
Sale of products	28,688.25	26,658.48
	<u>28,688.25</u>	<u>26,658.48</u>
<b>Other operating income</b>		
<b>Sale of scrap</b>	131.20	119.29
Sale of raw material	71.95	61.01
Processing charges	0.05	—
Income from exports scheme	53.15	55.04
	<u>256.35</u>	<u>235.34</u>
<b>Total</b>	<u><u>28,944.60</u></u>	<u><u>26,893.82</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 20 : REVENUE FROM OPERATIONS (Contd.)

The Company collects GST on behalf of the government. Hence, GST is not included in revenue from operations. Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Revenue as per contracted price	28906.15	26,850.80
Adjustments		
Discounts	(52.73)	(50.71)
Sales return	(165.17)	(141.61)
<b>Revenue from contract with customers</b>	<b>28,688.25</b>	<b>26,658.48</b>

#### Performance obligation

The performance obligation is satisfied at the point in time when control of the goods are transferred to the customer, generally in accordance with the delivery terms agreed with the customer and payment is generally due within 0 to 90 days from the date of delivery. Some contracts provide customers with volume rebates which give rise to variable consideration.

### NOTE 21 : OTHER INCOME

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Interest		
On bank deposits	140.11	125.89
On others	33.35	38.71
Rent received	0.90	13.88
Exchange differences (net)	22.55	30.15
Provision no longer required	100.10	100.00
Miscellaneous income	0.20	39.79
Profit on sale of property, plant and equipment and investment property	193.94	3.46
<b>Total</b>	<b>491.15</b>	<b>351.88</b>

Profit on sale of property, plant and equipment of the current year ended March 31, 2020, included profit of Rs. 190.16 from sale of one investment property at a consideration of Rs. 200 lacs to a non related party.

### NOTE 22 : COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Inventory at the beginning of the year (including goods in transit)	2,475.26	2,923.61
Add : Purchases	21,199.77	18,670.39
	23,675.03	21,594.00
Less : Inventory at the end of the year (including goods in transit)	(4,183.08)	(2,475.26)
<b>Total</b>	<b>19,491.95</b>	<b>19,118.74</b>

### NOTE 23 : (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>Opening inventory</b>		
Work-in-process	82.06	74.40
Finished goods	938.24	737.46
Scrap	34.75	31.15
<b>Closing inventory</b>		
Work-in-process	120.30	82.06
Finished goods	991.48	938.24
Scrap	29.38	34.75
<b>(Increase)/decrease in inventory</b>	<b>(86.11)</b>	<b>(212.04)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 24 : EMPLOYEE BENEFITS EXPENSE**

**Particulars**

Salaries, wages and bonus	
Gratuity expense (refer note 31)	
Contribution to provident and other funds	
Staff welfare expenses	

**Total**

31 March 2020 INR lacs	31 March 2019 INR lacs
2,345.38	2,106.87
36.89	36.43
106.10	108.98
186.64	143.72
<u>2,675.01</u>	<u>2,396.00</u>

**NOTE 25 : FINANCE COSTS**

**Particulars**

Bank charges	
--------------	--

**Total**

31 March 2020 INR lacs	31 March 2019 INR lacs
80.06	68.84
<u>80.06</u>	<u>68.84</u>

**NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSE**

**Particulars**

Depreciation and amortisation expense	
Depreciation on tangible assets (refer note 3)	
Depreciation on investment properties (refer note 4)	
Amortisation on intangible assets (refer note 5)	

**Total**

31 March 2020 INR lacs	31 March 2019 INR lacs
333.89	288.77
3.65	3.90
42.38	42.58
<u>379.92</u>	<u>335.25</u>

**NOTE 27 : OTHER EXPENSES**

**Particulars**

Consumption of stores	
Consumption of packing material	
Sub-contracting expenses	
Power and fuel	
Freight and forwarding charges	
Rent	
Rates and taxes	
Insurance	
Repairs and maintenance	
Plant and machinery	
Building	
Others	
CSR expenditure (refer details below)	
Sales commission	
Travelling and conveyance	
Communication costs	
Printing and stationery	
Advertising and sales promotion	
Legal and professional fees	
Directors sitting fees	
Payment to auditor (refer details below)	
Bad debts and advances written off	
Allowances for doubtful debts and advances (net)	
Miscellaneous expenses	

**Total**

31 March 2020 INR lacs	31 March 2019 INR lacs
258.73	216.61
753.40	701.86
50.77	59.82
2,105.43	1,990.37
1,243.40	1,141.87
30.97	31.31
6.79	6.61
25.78	18.14
94.24	80.89
69.62	61.43
23.06	12.67
25.23	11.11
112.80	114.95
135.72	139.24
30.42	31.96
21.49	18.91
28.99	8.74
126.07	115.92
22.50	21.75
30.22	27.70
3.01	13.39
204.09	—
292.89	252.22
<u>5,695.62</u>	<u>5,077.47</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 27 : OTHER EXPENSES (Contd.)

#### Payment to auditors (net of service tax/GST)

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>As Auditor</b>		
Audit fees	16.00	15.00
Limited review fees	10.50	9.00
Reimbursement of expenses	3.72	3.70
<b>Total</b>	30.22	27.70

#### Details of CSR expenditure:

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Gross amount required to be spent by the Company during the year	26.48	20.81

#### Amount spent during the year ended 31 March 2020

	In cash	Yet to be paid in cash	Total
i) Construction of asset	—	20.50	20.50
ii) On purposes other than (i) above	4.73	—	4.73

#### Amount spent during the year ended 31 March 2019

	In cash	Yet to be paid in cash	Total
i) Construction of asset	—	8.50	8.50
ii) On purposes other than (i) above	1.45	1.16	2.61

### NOTE 28 : COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	Retained earnings INR lacs	Total INR lacs
<b>During the year ended 31 March 2020</b>		
Re-measurement gains on defined benefit plans	(17.92)	(17.92)
	(17.92)	(17.92)
<b>During the year ended 31 March 2019</b>		
Re-measurement gains on defined benefit plans	(0.81)	(0.81)
	(0.81)	(0.81)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 29 : INCOME TAX**

The note below details the major components of income tax expenses for the year ended 31 March 2020 and 31 March 2019. The note further describes the significant estimates made in relation to Company's income tax position and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>Statement of profit and loss</b>		
<b>Current income tax</b>		
Current income tax charge	374.51	127.27
Adjustment in respect of current income tax relating to earlier years	(110.35)	(25.00)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	15.43	(7.00)
<b>Income tax expense reported in the statement of profit and loss</b>	<u>279.60</u>	<u>95.27</u>

**Other Comprehensive Income (OCI)**

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Tax related to items recognised in OCI during the year	(4.51)	(0.27)
<b>Income tax charged to OCI</b>	<u>(4.51)</u>	<u>(0.27)</u>

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2020 and 31 March 2019.

**A) Current tax**

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Accounting profit before income tax expense	1,199.30	461.44
Other comprehensive income before tax	(17.92)	(0.81)
<b>Total comprehensive income before tax</b>	<u>1,181.38</u>	<u>460.63</u>
<b>Current Tax @ 25.17% (31 March 2019: 33.38%)</b>	<u>297.35</u>	<u>153.76</u>
<b>Tax effect of adjustments in calculating taxable income:</b>		
Items not allowed for tax purpose	18.64	2.55
Income tax adjustments (earlier years)	(110.35)	(25.00)
Other tax allowances	(10.90)	(14.70)
Other disallowances	—	(18.50)
Change in deferred tax due to change in tax rates	80.35	(3.11)
At the effective income tax rate of 31 March 2020 22.94% (31 March 2019 : 20.59%)	<u>275.09</u>	<u>95.00</u>
Income tax effect on OCI	(4.51)	(0.27)
Income tax expenses reported in the statement of profit and loss	<u>279.60</u>	<u>95.27</u>
<b>Income tax total</b>	<u>275.09</u>	<u>95.00</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 29 : INCOME TAX (Contd.)

#### B) Deferred tax

Particulars	Balance sheet		Statement of profit and loss	
	31 March 2020 INR lacs	31 March 2019 INR lacs	31 March 2020 INR lacs	31 March 2019 INR lacs
Depreciation	(49.35)	(88.76)	39.41	(3.22)
Disallowances u/s 43B of Income Tax Act	98.65	139.91	(41.26)	5.90
Provision for doubtful debts & advances	261.03	274.61	(13.58)	4.32
<b>Deferred tax income</b>	<u>          </u>	<u>          </u>	<u>(15.43)</u>	<u>7.00</u>
<b>Net deferred tax assets</b>	<u><u>310.33</u></u>	<u><u>325.76</u></u>		
Reflected in the balance sheet as follows:				
Deferred tax liabilities	(49.35)	(88.76)		
Deferred tax assets	359.68	414.52		
<b>Deferred tax assets (net)</b>	<u><u>310.33</u></u>	<u><u>325.76</u></u>		

#### Reconciliation of deferred tax assets net

Opening balance		
Tax income during the year recognised in profit or loss		
<b>Closing balance</b>		

31 March 2020 INR lacs	31 March 2019 INR lacs
325.76	318.76
(15.43)	7.00
<u><u>310.33</u></u>	<u><u>325.76</u></u>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2020 and 31 March 2019, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

The applicable tax rate for 31 March 2020 : 25.17% (31 March 2019 33.38%).

The Income Tax and Deferred Tax as at March 31, 2020 has been computed at the rate of 25.168% consequent to change in Income tax rate as per the option permitted u/s 115BAA of the Income Tax Act, 1961 as announced in the Taxation Laws (Amendment) Ordinance, 2019 promulgated on September 20, 2019.

### NOTE 30 : EARNING PER SHARE

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2020	31 March 2019
<b>Earning per share (Basic and diluted)</b>		
Profit attributable to owners of the Company (INR in lacs)	919.71	366.17
Weighted average number of equity shares for the purpose of computing earnings per share (basic and diluted)*	13,133,971	13,133,971
Basic and diluted earnings per share	7.00	2.79

\* The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 31 : DISCLOSURE PURSUANT TO EMPLOYEE BENEFITS

#### A. Defined contribution plans:

Amount of INR 95.62 lacs pertaining to contribution to PF and ESIC (31 March 2019: INR 96.35 lacs) is recognised as expenses and included in note 24 "Employee benefit expense".

#### B. Defined benefit plans:

The Company has a defined benefit gratuity plan. The fund is administered by ICICI Prudential Life Insurance. The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for gratuity.

#### 31 March 2020 : Changes in defined benefit obligation and plan assets

Particulars	Gratuity cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31 March 2020	
	1 April 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss (note 24)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments			Sub-total included in OCI (note 29)
<b>Gratuity</b>												
*Defined benefit obligation	(608.12)	(34.11)	(45.40)	(79.51)	50.70	—	(0.01)	(5.33)	4.47	(0.87)	—	(637.80)
Fair value of plan assets	570.87	—	42.62	42.62	(50.70)	(17.05)	—	—	—	(17.05)	37.24	582.98
Benefit liability	<b>(37.25)</b>	<b>(34.11)</b>	<b>(2.78)</b>	<b>(36.89)</b>	—	<b>(17.05)</b>	<b>(0.01)</b>	<b>(5.33)</b>	<b>4.47</b>	<b>(17.92)</b>	<b>37.24</b>	<b>(54.82)</b>
<b>Total benefit liability</b>	<b>(37.25)</b>	<b>(34.11)</b>	<b>(2.78)</b>	<b>(36.89)</b>	—	<b>(17.05)</b>	<b>(0.01)</b>	<b>(5.33)</b>	<b>4.47</b>	<b>(17.92)</b>	<b>37.24</b>	<b>(54.82)</b>

\* Gratuity amount of Rs. 30.01 lacs has become due to be paid in the current year, however the same was not paid till March 31, 2020

#### 31 March 2019 : Changes in defined benefit obligation and plan assets

Particulars	Gratuity cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31 March 2019	
	1 April 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss (note 24)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments			Sub-total included in OCI (note 29)
<b>Gratuity</b>												
Defined benefit obligation	(569.30)	(35.15)	(42.67)	(77.82)	38.19	—	—	16.22	(15.41)	0.81	—	(608.12)
Fair value of plan assets	552.13	—	41.39	41.39	(38.19)	(1.62)	—	—	—	(1.62)	17.16	570.87
Benefit liability	<b>(17.17)</b>	<b>(35.15)</b>	<b>(1.28)</b>	<b>(36.43)</b>	—	<b>(1.62)</b>	—	<b>16.22</b>	<b>(15.41)</b>	<b>(0.81)</b>	<b>17.16</b>	<b>(37.25)</b>
<b>Total benefit liability</b>	<b>(17.17)</b>	<b>(35.15)</b>	<b>(1.28)</b>	<b>(36.43)</b>	—	<b>(1.62)</b>	—	<b>16.22</b>	<b>(15.41)</b>	<b>(0.81)</b>	<b>17.16</b>	<b>(37.25)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 31 : DISCLOSURE PURSUANT TO EMPLOYEE BENEFITS (Contd.)**

**C. Other long-term employment benefits**

The Company has compensated absences plan which is covered by other long-term employment benefits

**31 March 2020 : Changes in defined benefit obligation of compensated absences**

Particulars	Cost charged to statement of profit and loss				Sub-total included in statement of profit and loss (note 24)	Benefit paid	31 March 2020
	1 April 2019	Service cost	Interest cost	Actuarial changes arising from various assumption (net amt)			
<b>Compensated absences</b>							
Defined benefit obligation	(295.07)	(33.79)	(22.03)	(19.11)	(74.93)	70.62	(299.38)
<b>Benefit liability</b>	<b>(295.07)</b>	<b>(33.79)</b>	<b>(22.03)</b>	<b>(19.11)</b>	<b>(74.93)</b>	<b>70.62</b>	<b>(299.38)</b>

31 March 2019 : Changes in defined benefit obligation of compensated absences

Particulars	Cost charged to statement of profit and loss				Sub-total included in statement of profit and loss (note 24)	Benefit paid	31 March 2019
	1 April 2018	Service cost	Interest cost	Actuarial changes arising from various assumption (net amt)			
<b>Compensated absences</b>							
Defined benefit obligation	(288.56)	(27.13)	(21.62)	(2.87)	(51.62)	45.11	(295.07)
<b>Benefit liability</b>	<b>(288.56)</b>	<b>(27.13)</b>	<b>(21.62)</b>	<b>(2.87)</b>	<b>(51.62)</b>	<b>45.11</b>	<b>(295.07)</b>

The major categories of plan assets of the total plan assets of gratuity are as follows:

**Particulars**

Insured managed funds  
(%) of total plan assets

<b>31 March 2020</b>	<b>31 March 2019</b>
<b>582.98</b>	<b>570.87</b>
<b>100%</b>	<b>100%</b>

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

**Particulars**

Discount rate  
Future salary increase  
Expected average remaining working lives (in years)  
Gratuity  
Compensated absences  
Withdrawal rate (based on grade and age of employees)  
Gratuity  
Compensated absences

<b>31 March 2020</b>	<b>31 March 2019</b>
<b>6.30%</b>	<b>7.45%</b>
<b>6.50%</b>	<b>7.50%</b>
<b>16.92 Years</b>	<b>17.32 Years</b>
<b>16.92 Years</b>	<b>17.32 Years</b>
<b>5.00%</b>	<b>5.00%</b>
<b>5.00%</b>	<b>5.00%</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 31 : DISCLOSURE PURSUANT TO EMPLOYEE BENEFITS (Contd.)**

A quantitative sensitivity analysis for significant assumption is as shown below:

**Gratuity**

Particulars	Sensitivity level	Increase/decrease in defined benefit obligation (Impact)	
		31 March 2020 INR lacs	31 March 2019 INR lacs
Discount rate	1% increase	572.94	574.64
	1% decrease	646.72	645.50
Future salary increase	1% increase	646.26	645.12
	1% decrease	572.69	574.36
Withdrawal rate	increase by 50% of withdrawal rate	606.45	607.38
	decrease by 50% of withdrawal rate	609.40	608.97
Mortality rate	increase by 10% of mortality rate	607.77	608.11
	decrease by 10% of mortality rate	607.81	608.12

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>Within the next 12 months (next annual reporting period)</b>		
Gratuity	112.46	150.58
<b>Between 2 and 5 years</b>		
Gratuity	251.82	235.26
<b>Between 6 and 10 years</b>		
Gratuity	297.02	288.08
<b>Beyond 10 years</b>		
Gratuity	290.87	359.45
<b>Total expected payments</b>	<b>952.17</b>	<b>1,033.37</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

Particulars	31 March 2020 Years	31 March 2019 Years
Gratuity	6 years	6 years

The followings are the expected contributions to planned assets for the next year:

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Gratuity	84.75	65.83

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 32 : COMMITMENTS AND CONTINGENCIES**

**a. Capital and other commitments**

**Particulars**

**Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

	<b>31 March 2020 INR lacs</b>	31 March 2019 INR lacs
	<b>166.49</b>	16.84

**b. Contingent liabilities**

**Particulars**

**Contingent liabilities not provided for**

- a. Demands of Excise authorities which are disputed in appeals by the Company
- b. Other excise notices pending adjudication
- c. Demands of Income tax authorities which are disputed in appeals and not provided for
- d. Claims against the Company not acknowledged as debts - estimated

	<b>31 March 2020 INR lacs</b>	31 March 2019 INR lacs
a.	<b>62.24</b>	62.24
b.	<b>190.50</b>	192.09
c.	—	—
d.	<b>401.48</b>	418.51
	<b><u>654.22</u></b>	<b><u>672.84</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 33 : RELATED PARTY TRANSACTIONS

Related parties have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board.

Disclosures of transactions with related parties are as under:

#### A. Description of Related Parties

##### i) Name of the related party and nature of relationship where control exists

<b>Related party category</b>	<b>Name of the Entity</b>
Holding company	Bilcare Research GmbH (till 7 November 2019) Bilcare Research AG (till 7 November 2019) Bilcare Mauritius Limited (since 7 November 2019)
Ultimate holding company	Bilcare Limited
Enterprise in which person having significant influence is a promoter	K. C. Holdings Pvt Ltd Kalpataru Limited Kalpataru Properties Private Limited
Relatives of person having significant influence	Parag Mofatraj Munot Monica Parag Munot

##### ii) Key management personnel

<b>Name</b>	<b>Name of the office held</b>
Mr. Mofatraj P. Munot	Chairman, Promoter Director (upto 20 September 2019)
Ms. Ankita J. Kariya	Chairperson (w.e.f. 11 November 2019), Promoter Director
Mr. Robin Banerjee	Managing Director
Mr. Bhoumik S. Vaidya	Independent Director
Mr. K V Mani	Independent Director
Ms. Anjali Seth	Independent Director
Mr. Nitin K Joshi	Independent Director
Mr. Siddharth S. Shetye	Independent Director
Mr. Narendra Lodha	Non-Independent Director
Mr. Chandrashekhar Joglekar	Non-Independent Director (w.e.f. 20 September 2019)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 33 : RELATED PARTY TRANSACTIONS (Contd.)**

**B. Transactions with related parties**

Related party category	Name of the related party	31 March 2020 INR lacs	31 March 2019 INR lacs	Nature of transaction
Ultimate Holding Company	Bilcare Limited*	53.62	55.93	Interest accrued (gross)
Enterprise in which person having significant influence is a promoter	Kalpataru Limited	14.70	14.70	Interest accrued (gross)
<b>Total</b>		<b>68.32</b>	<b>70.63</b>	
Holding Company	Bilcare Research AG	—	1.15	Reimbursement of expenses
Enterprise in which person having significant influence is a promoter	Kalpataru Limited	—	3.00	Reimbursement of expenses
<b>Total</b>		<b>0.00</b>	<b>4.15</b>	
Ultimate Holding Company	Bilcare Limited*	37.50	50.00	Intercorporate Deposits principal received
Ultimate Holding Company	Bilcare Limited*	37.50	50.00	Received against outstanding receivables
<b>Total</b>		<b>75.00</b>	<b>100.00</b>	
Ultimate Holding Company	Bilcare Limited*	48.25	50.34	Expense recognised during the period in respect for bad or doubtful debts/ advances
Ultimate Holding Company	Bilcare Limited*	(75.00)	(100.00)	Reversal of provision as no longer required
<b>Total</b>		<b>(26.75)</b>	<b>(49.66)</b>	
Holding Company	Bilcare Research Gmbh	50.24	100.47	Dividend paid
Enterprise in which person having significant influence is a promoter	K. C. Holdings Pvt Ltd	9.32	18.64	Dividend paid
Key management personnel	Mofatraj P. Munot	4.98	9.97	Dividend paid
Enterprise in which person having significant influence is a promoter	Kalpataru Properties Pvt Ltd	2.05	4.11	Dividend paid
Relatives of person having significant influence	Parag Mofatraj Munot	3.34	6.68	Dividend paid
	Monica Parag Munot	0.20	0.39	Dividend paid
<b>Total</b>		<b>70.13</b>	<b>140.26</b>	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 33 : RELATED PARTY TRANSACTIONS (Contd.)**

**C. Outstanding with / from related party**

	31 March 2020 INR lacs	31 March 2019 INR lacs
<b>Nature of balances</b>		
Accounts receivable from Ultimate Holding company		
Sale of goods	251.00	288.50
Intercompany Deposits	187.50	225.00
Interest on Intercompany deposits	238.72	190.47
<b>Total</b>	<b>677.22</b>	<b>703.97</b>
Provision for doubtful receivables		
Ultimate Holding Company	677.22	703.97
<b>Total</b>	<b>677.22</b>	<b>703.97</b>
Receivables in respect of non core activities		
Enterprise in which person having significant influence is a promoter		
Kalpataru Limited	245.74	245.74
<b>Total</b>	<b>245.74</b>	<b>245.74</b>
<b>Name of the related party</b>		
Bilcare Limited*		
Bilcare Limited*		
Bilcare Limited*		
Bilcare Limited*		
Bilcare Limited*		
Kalpataru Limited		

\* Though the amounts receivable from Bilcare Limited has been fully provided for, the Company is doing regular follow up and monitoring through regular discussions in board meetings. During the year, the Company has received Rs. 37.50 lacs against trade receivables and Rs. 37.50 lacs against Intercompany deposit.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 33 : RELATED PARTY TRANSACTIONS (Contd.)

#### Terms and conditions of transactions with related parties

Outstanding balances are unsecured and settlement occurs in cash. For the year ended 31 March 2020, the Company has recorded an impairment of receivables relating to amounts owed by related parties of INR 48.25 lacs (31 March 2019: INR 50.34 lacs). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

During the current year ended 31 March 2020, in a letter dated 8 November 2019, Bilcare Limited (the ultimate holding Company) (“Bilcare”) informed the Company that pursuant to Bilcare’s divestment of Bilcare Research AG (BRAG), Bilcare has agreed to not to compete for 2 years effective from 8 November 2019 in the PVC/PVDC segment in markets other than India, Saudi Arabia, Iran & Bangladesh (“Non-compete markets”) without any consideration. Accordingly, the Company has not made sales in the non-compete markets other than orders in hand as on 8 November 2019 and orders for which specific permission is obtained from the acquirer of BRAG and on which agreed commission needs to be paid to the acquirer of BRAG. The impact of the said transaction is not material on the quarterly and Annual Results for the year ended 31 March 2020.

#### Guarantee from related parties:

The realisation of amount due on account of disposal of assets of the activities identified as non core is underwritten by Kalpataru Limited (KL) and the performance of KL has been guaranteed by Mr. Mofatraj P. Munot, Kalpataru Group Companies and others. (refer note 7)

#### Transactions with key management personnel

Compensation of key management personnel of the Company

#### Particulars

#### Mr. Robin Banerjee, Managing Director

	31 March 2020 INR lacs	31 March 2019 INR lacs
Salary & allowances	111.00	111.00
Reimbursement of medical & leave travel expenses	4.75	4.75
Contribution to Provident & other funds	8.28	8.28
Performance Linked Incentives*	—	—
<b>Total</b>	<b>124.03</b>	<b>124.03</b>

The amount disclosed in the table are the amount recognised as an expense during the reporting period related to key management personnel.

\* In addition to the above, the Managing Director is also eligible for a performance linked incentives which is subject to recommendation by Nomination and Remuneration Committee and approval by Board of Directors.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 33 : RELATED PARTY TRANSACTIONS (Contd.)**

The above figures exclude provision for gratuity and leave encashment which are actuarially determined on an overall basis.  
Sitting fees paid to key management personnel of the Company

<b>Particulars</b>	<b>Name of the office held</b>	<b>31 March 2020 INR lacs</b>	<b>31 March 2019 INR lacs</b>
Mr. Mofatraj P. Munot#	Chairman, Promoter Director	<b>0.50</b>	1.50
Mr. Mohan Bhandari###	Non-Independent Director	<b>0.00</b>	1.50
Ms. Ankita J. Kariya	Chairperson (w.e.f. 11 November 2019), Promoter Director	<b>2.50</b>	0.50
Mr. Bhoumik S. Vaidya	Independent Director	<b>4.50</b>	4.25
Mr. K V Mani	Independent Director	<b>3.25</b>	3.25
Ms. Anjali Seth	Independent Director	<b>1.00</b>	2.25
Mr. Nitin K Joshi	Independent Director	<b>3.25</b>	3.00
Mr. Siddharth S. Shetye	Independent Director	<b>3.50</b>	3.50
Mr. Narendra Lodha	Non-Independent Director	<b>2.50</b>	2.00
Mr. Chandrashekhkar Joglekar##	Non-Independent Director	<b>1.50</b>	—
<b>Total</b>		<b><u>22.50</u></b>	<b><u>21.75</u></b>

# Held office upto 20th September, 2019

## Appointed with effect from 20th September, 2019

### Held office till 14th December, 2018

**NOTE 34 : OPERATING SEGMENT**

The Company is engaged mainly in processing of plastic polymers and its products are covered under a one business segment i.e. processing of plastic polymers as primary segment. The geographical information required by Ind AS 108 is as under:

<b>Particulars</b>	<b>31 March 2020 INR lacs</b>	<b>31 March 2019 INR lacs</b>
<b>a) Revenue from operations</b>		
Sale of products		
Within India	<b>24,991.45</b>	22,244.55
Outside India	<b>3,953.15</b>	4,649.27
<b>Total</b>	<b><u>28,944.60</u></b>	<b><u>26,893.82</u></b>
<b>b) Non-current assets*</b>		
Within India	<b>2,125.53</b>	2,256.79
Outside India	—	—
<b>Total</b>	<b><u>2,125.53</u></b>	<b><u>2,256.79</u></b>

\* Note: Non-current assets excludes financial assets, deferred tax assets and post employment benefit assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 35 : DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
– Principal amount due to micro and small enterprises	121.06	161.61
– Interest due on above (*)	0.14	0.34
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
(iii) The amount of 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 MSMED Act 2006. (*)	4.87	15.27
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
(v) The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 (*)	4.87	15.27

(\*) As per the terms of the commercial agreements with micro, small and medium enterprises there is no interest amount to be paid / payable by the Company.

### NOTE 36 : FAIR VALUE DISCLOSURES FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Management believes that the fair values of non-current financial assets (loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables and loans), non-current financial liabilities and current financial liabilities (e.g., trade payables and other payables and others) approximate their carrying amounts and accordingly, separate disclosure have not been made. Refer note 11 and 16 to the financial statements.

### NOTE 37 : EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT (R&D)

The Company received from Ministry of Science & Technology, Government of India recognition for In House R&D Unit at its Nashik Factory and at its Thane Factory. R&D cost that are not eligible for capitalisation have been expensed in the period incurred (during the year ended 31 March 2020 INR 71.86 lacs) (31 March 2019 INR 59.09 lacs) and they are recognised in other expenses.

The details of expenditure incurred on R&D for the financial year ended 31 March 2020 are as under:

Particulars	31 March 2020 INR in lacs Thane Unit	31 March 2020 INR in lacs Nashik Unit	31 March 2020 INR in lacs Total
Capital	3.58	7.73	11.31
Revenue	37.13	34.73	71.86
<b>Total</b>	<b>40.71</b>	<b>42.46</b>	<b>83.17</b>

The details of expenditure incurred on R&D for the financial year ended 31 March 2019 are as under:

Particulars	31 March 2019 INR in lacs Thane Unit	31 March 2019 INR in lacs Nashik Unit	31 March 2019 INR in lacs Total
Capital	0.97	8.41	9.38
Revenue	28.19	30.90	59.09
<b>Total</b>	<b>29.16</b>	<b>39.31</b>	<b>68.47</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 38: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of trade and other payables and other financial liabilities. The Company's principal financial assets includes loans, trade receivables, cash and bank balances, other assets and other financial assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees and advises on these risks. The Company's senior finance team advises on financial risks and provides assurance that the Company's financial risk are identified, measured, managed and mitigated in accordance with general risk mitigation policies and objectives. All derivative activities are carried out by senior finance team who has the appropriate skills, expertise and experience and is being overseen by the Managing Director from time to time as per business needs. It is the Company's policy that no trading in derivatives for speculative purposes be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below:

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, trade and other receivables and trade and other payables.

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any long term & short term borrowings.

The impact of +/- 25 bps in bank interest rates on deposits is estimated at +/- INR 6.35 lacs as on 31 March 2020, +/- INR 4.12 lacs as on 31 March 2019, without considering any change in deposit amounts.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Following table demonstrates Company's foreign currency exposure

Nature of exposure	Currency	31 March 2020		31 March 2019	
		Foreign currencies	INR lacs	Foreign currencies	INR lacs
<b>Receivables –</b>					
Export Trade receivables	USD	703,779	534.03	1,258,928	870.55
	EUR	55,360	45.54	63,895	49.63
	AED	126,462	25.95	38,757	7.30
<b>Payables –</b>					
Import Trade payables	USD	2,680,753	2,034.96	1,717,303	1,187.86
	EUR	231,540	190.56	212,459	165.06
	AED	31,577	6.48	4,498	0.85

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 38: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material and have not covered in sensitivity analysis.

Particulars	Change in USD rate	Effect on profit before tax- gain/ (loss) (INR lacs)
<b>31 March 2020</b>	<b>+5%</b>	(75.05)
	<b>-5%</b>	75.05
31 March 2019	+5%	(15.87)
	-5%	15.87

#### Commodity price risk

The Company is affected by the price volatility of resin, base raw material for manufacturing PVC Films and being sourced from both domestic and international suppliers. The price volatility is due to demand-supply position in international market and exchange impact arising due to delivery lead time. The upward or downward trend in raw material is generally being passed on to the end customer other than exceptional cases as per business needs and therefore neutralising the exchange risks arising therefrom and as such the impact of such volatility, is difficult to be quantified or measured.

The impact of +/- 1% in resin cost is estimated at +/- INR 127 lacs as on 31 March 2020, +/- INR 126 lacs as on 31 March 2019, without considering any change in sales realisation for any given period.

#### Equity price risk

The Company has not made investments in equity securities, hence are not susceptible to market price risk arising from uncertainties about future values of the investment securities.

#### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. A provision is created for a counter party whose payment is due more than 180 days after its due date.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 10. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTE 38: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**

The COVID-19 pandemic has brought economies, businesses and lives around the world to a standstill, and our country is no exception. Based on the directives and advisories issued by central and state governments and other relevant authorities during the lock down, our operations at Nasik factory was affected partially and Thane factory majorly. Considering the unprecedented and ever evolving situation, the Company has made assessment of recoverability and carrying value of its assets comprising of tangible assets, inventories and other current assets as at the Balance Sheet date. On the basis of current assessment and estimates, the management foresees risk of recoverability from some of its customers. Accordingly, the Company has made appropriate provisions in the books of accounts arising from COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the Balance Sheet as at 31 March 2020 and 31 March 2019 is the carrying amounts as illustrated in note 10 and note 11. The Company's maximum exposure relating to financial instruments is noted in the liquidity table below.

**(c) Liquidity risk**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	INR in lacs				
Particulars	On Demand	less than 3 months	3 months to 1 year	1 year to 5 years	Total
<b>Year ended 31 March 2020</b>					
Trade, other payables and other financial liabilities	443.19	2,812.32	485.03	—	3740.54
	<b>443.19</b>	<b>2812.32</b>	<b>485.03</b>	—	<b>3740.54</b>
<b>Year ended 31 March 2019</b>					
Trade, other payables and other financial liabilities	150.41	2,138.67	396.09	—	2685.17
	<b>150.41</b>	<b>2138.67</b>	<b>396.09</b>	—	<b>2685.17</b>

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTE 39 : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company does not have short term/ long term borrowings and manages its working capital requirements through internal sources.

The position of net current assets and total shareholders equity are as follows -

Particulars	31 March 2020 INR lacs	31 March 2019 INR lacs
Current Assets	15,357.32	13,270.83
Less: Current liabilities	4,162.40	3,037.09
<b>Net current assets</b>	<b>11,194.92</b>	<b>10,233.74</b>
Equity share capital	1,313.40	1,313.40
Other equity	12,540.06	11,752.49
<b>Total capital</b>	<b>13,853.46</b>	<b>13,065.89</b>

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

### NOTE 40 : WORKING CAPITAL FACILITIES BY BANK

Bank of Maharashtra has sanctioned working capital facilities of Rs 2125.00 lacs (31 March 2019 2125 lacs) which are secured by hypothecation of stock and book debts.

**NOTE 41: The previous years numbers relating to income tax assets / liabilities have been regrouped to correspond with the current year's classification for better presentation.**

As per our report of even date  
For S R B C & Co LLP  
Chartered Accountants  
ICAI Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of Caprihans India Limited

per VAIBHAV KUMAR GUPTA  
Partner  
Membership No.: 213935  
Place : Pune  
Date : 23 June 2020

ROBIN BANERJEE Managing Director DIN: 00008893 Place : Mumbai Date : 23 June 2020	SIDDHARTH S. SHETYE Director DIN: 06943119 Place: Pune Date : 23 June 2020	PRITAM PAUL CFO & Company Secretary FCS Membership No: 5861 Place : Mumbai Date : 23 June 2020
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