GUJARAT FLUOROCHEMICALS GMBH

7^{th}

ANNUAL REPORT

2019-2020

PATANKAR
& ASSOCIATES
Chartered Accountants

Office No. 19 to 23, 4th floor, 'Gold Wings',
S.No. 118/A, Plot No.543, Sinhgad Road,
Parvati Nagar, Pune - 411030
Telefax: 020 - 24252117 / 24252118
email : sanjay@patankarassociates.com

Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited (earlier known as Inox Fluorochemicals Limited)

Report on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals GmbH

Opinion

We have audited the accompanying special purpose Ind AS financial statements of **Gujarat Fluorochemicals GmbH** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements"). The financial information has been prepared by the management as described in Note 2.1 to these Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs of the Company as at 31st March 2020, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2.1 to the Financial Statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in the Note 2.2, in preparation of these Financial Statements, the Company has considered the effect of uncertainties due to COVID-19 pandemic on the operations of the Company. The actual impact of COVID-19 pandemic may be different from that estimated as on the date of approval of the Financial Statements. Our report is not modified in respect of these matters.

PATANKAR & ASSOCIATES ★ Chartered Accountants ★
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Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals GmbH for the year ended 31st March 2020 *(continued)*

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS).

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The management is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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.

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Chartered Accountants

Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals GmbH for the year ended 31st March 2020 *(continued)*

- 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 financial statements, including the disclosures, and whether the 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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist the holding Company, Gujarat Fluorochemicals Limited, to comply with the requirements of Section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these Financial Statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For Patankar & Associates,
Chartered Accountants
Firm's Registration No. 107628W

PATANKAR & ASSOCIATES ★ 19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30 ★ Chartered Accountants

S S Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29th July 2020
UDIN: 20049051AAAAAR8970

Gujarat Fluorochemicals GmbH
Balance Sheet as at 31st March, 2020

(Rs. In Lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
(1) ***Non-current assets***			
(a) Property, plant & equipment	5	127.05	122.94
(b) Right of use assets	6	344.55	-
Sub-total		**471.60**	**122.94**
(2) ***Current Assets***			
(a) Inventories	7	8,145.73	6,689.66
(b) Financial assets			
(i) Trade receivables	8	5,790.36	4,576.60
(ii) Cash & cash equivalents	9	112.37	135.43
(iii) Loans	10	28.00	31.05
(c) Other current assets	11	838.56	587.04
Sub-total		**14,915.02**	**12,019.78**
Total Assets		**15,386.62**	**12,142.72**
EQUITY & LIABILITIES			
Equity			
(a) Equity share capital	12	21.82	21.82
(b) Other equity	13	2,626.22	1,734.58
Sub-total		**2,648.04**	**1,756.40**
LIABILITIES			
(1) ***Non-current liabilities***			
(a) Financial Liabilities			
(i) Other financial Liabilities	14	264.72	-
Sub-total		**264.72**	**-**
(1) ***Current liabilities***			
(a) Financial liabilities			
(i) Trade payables	15	11,320.89	9,722.77
(ii) Other financial liabilities	16	281.54	166.13
(b) Other current liabilities	17	7.41	6.13
(c) Current tax liabilities (net)	18	864.02	491.29
Sub-total		**12,473.86**	**10,386.32**
Total Equity & Liabilities		**15,386.62**	**12,142.72**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For PATANKAR & ASSOCIATES
Chartered Accountants
Firm's Registration No. 107628W

S. S. Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29/07/2020

PATANKAR & ASSOCIATES
19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30
Chartered Accountants

For GUJARAT FLUOROCHEMICALS GMBH

Satish Kakade
Managing Director

Place: Noida
Date: 29/07/2020

Gujarat Fluorochemicals GmbH

Statement of Profit and Loss for the year ended 31st March, 2020

(Rs. In Lakhs)

	Particulars	Notes	2019-2020	2018-2019
	Revenue			
I	Revenue from operations	19	24,644.84	24,994.48
II	Other income	20	67.71	25.31
III	**Total Revenue (I+II)**		**24,712.55**	**25,019.79**
IV	**Expenses**			
	Purchases of stock-in-trade	21	22,482.60	26,647.03
	Changes in inventory of stock-in-trade	22	(948.03)	(5,000.08)
	Employee benefits expense	23	986.72	934.99
	Finance costs	24	10.86	-
	Depreciation & amortisation expense	25	122.24	14.58
	Other expenses	26	981.34	1,144.24
	Total expenses (IV)		**23,635.73**	**23,740.76**
V	**Profit before tax (III - IV)**		**1,076.82**	**1,279.03**
VI	Tax expense			
	(1) Current tax	27	367.45	395.44
			367.45	**395.44**
VII	**Profit for the year (V-VI)**		**709.37**	**883.59**
VIII	**Other comprehensive income**			
	Items that will be reclassified to profit or loss			
	Exchange differences in translating the financial statements of foreign operations		182.27	(92.78)
	Total other comprehensive income		**182.27**	**(92.78)**
IX	**Total comprehensive income for the year (comprising profit and other comprehensive income for the year) (VII+VIII)**		**891.64**	**790.81**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

Firm's Registration No. 107628W

S. S. Agrawal

Partner

Membership No. 049051

Place: Pune

Date: 29/07/2020

PATANKAR & ASSOCIATES ★ Chartered Accountants ★ 19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30

For GUJARAT FLUOROCHEMICALS GMBH

Satish Kakade

Managing Director

Place: Noida

Date: 29/07/2020

Gujarat Fluorochemicals GmbH

Statement of Cash Flows for the year ended 31st March, 2020

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
A Cash flow from operating activities		
Profit for the year	709.37	883.59
Adjustments for :		
Tax expense	367.45	395.44
Depreciation & amortisation expense	122.24	14.58
Liabilities and provisions no longer required, written back	-	(10.68)
Finance costs	10.86	-
Exchange difference on translation of assets and liabilities	207.49	(91.97)
Operating profit before working capital changes	1,417.41	1,190.96
Adjustments for :		
(Increase)/decrease in trade receivables	(1,213.76)	(845.45)
(Increase)/decrease in inventories	(1,456.07)	(4,713.10)
(Increase)/decrease in loans	3.05	(10.62)
(Increase)/decrease in other current assets	(251.52)	(378.96)
Increase/(decrease) in trade payables	1,598.12	4,652.44
Increase/(decrease) in other current financial liabilities	32.49	38.59
Increase/(decrease) in other current liabilities	1.28	(1.05)
Cash generated from/(used in) operations	131.00	(67.19)
Income tax paid (net)	(28.45)	(86.80)
Net cash generated from/(used in) operating activities	102.55	(153.99)
B Cash flow from investing activities		
Purchase of property, plant & equipment	(19.45)	(119.24)
Net cash used in investing activities	(19.45)	(119.24)
C Cash flow from financing activities		
Payment of lease liability	(106.16)	-
Net cash used in financing activities	(106.16)	-
Net increase/(decrease) in cash and cash equivalents	(23.06)	(273.23)
Cash and cash equivalents as at the beginning of the year	135.43	408.66
Cash and cash equivalents as at the end of the year	112.37	135.43

Notes:

1) The above statement of cash flows has been prepared under the indirect method.

2) Components of cash and cash equivalents are as per Note 9.

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

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

Firm's Registration No. 107628W.

S. S. Agrawal

Partner

Membership No. 049051

Place: Pune

Date: 29/07/2020

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Chartered Accountants

For GUJARAT FLUOROCHEMICALS GMBH

Satish Kakade

Managing Director

Place: Noida

Date: 29/07/2020

Gujarat Fluorochemicals GmbH

Statement of changes in equity for the year ended 31st March, 2020

A. Equity share capital	(Rs. In Lakhs)
Balance at 1st April, 2018	21.82
Changes in equity share capital during the year	-
Balance as at 31st March, 2019	**21.82**
Changes in equity share capital during the year	-
Balance as at 31st March, 2020	**21.82**

B. Other Equity (Rs. In Lakhs)

Particulars	Reserves & Surplus	Other comprehensive income	Total
	Retained Earnings	Foreign currency translation reserve	
Balance as at 1st April, 2018	**771.28**	**172.49**	**943.77**
Profit for the year	883.59	-	883.59
Other comprehensive income for the year	-	(92.78)	(92.78)
Total comprehensive income for the year	883.59	(92.78)	**790.81**
Balance as at 31st March, 2019	**1,654.87**	**79.71**	**1,734.58**
Profit for the year	709.37	-	709.37
Other comprehensive income for the year	-	182.27	182.27
Total comprehensive income for the year	709.37	182.27	**891.64**
Balance as at 31st March, 2020	**2,364.24**	**261.98**	**2,626.22**

As per our report of even date attached
For PATANKAR & ASSOCIATES
Chartered Accountants
Firm's Registration No. 107628W

S. S. Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29/07/2020

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For GUJARAT FLUOROCHEMICALS GMBH

Satish Kakade
Managing Director

Place: Noida
Date: 29/07/2020

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

1. Company information

Gujarat Fluorochemicals GmbH ("the Company") is incorporated in Germany and is engaged in the business of trading in fluoropolymers (PTFE, PVDF, PFA, FEP & FKM) and allied products. The Company is a subsidiary of Gujarat Fluorochemicals Limited, India (earlier known as Inox Fluorochemicals Limited), and its ultimate holding company is Inox Leasing and Finance Limited, India. The activities of the Company are mainly in Europe.

The Company was a wholly owned subsidiary of GFL Limited (earlier known as Gujarat Fluorochemicals Limited). As per a Scheme of Arrangement, the Chemical Business Undertaking of GFL Limited was demerged and vested with Gujarat Fluorochemicals Limited (earlier known as Inox Fluorochemicals Limited) w.e.f. 1st April 2019. The investment in the Company by GFL Limited, being pertaining to the Chemical Business Undertaking, was also transferred and vested with Gujarat Fluorochemicals Limited and accordingly the Company is now a wholly owned subsidiary of Gujarat Fluorochemicals Limited.

The Company's registered office is situated at 14th Floor, Regus Business Centre, Signature Watermark Uberseeallee 10 (20457) Hamburg, Germany.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These special purpose financial statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India and are prepared for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited, India. Accounting policies have been consistently applied except where a newly issued accounting standard initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.4) and the disclosures in respect of significant accounting policies are made accordingly.

These financial statements were authorized for issue by the Company's Board of Directors on 29th July, 2020.

2.2 Assessment of COVID-19 pandemic impact

The COVID-19 pandemic has developed rapidly into a global crisis since March 2020 which has impacted all economic activities globally. The management has assessed the possible effects that may result from the COVID-19 pandemic on the carrying amounts of its assets and liabilities. Based on the review and current indicators of the economic conditions, the management is of the view that the impact of COVID-19 pandemic on the Company's business operations will not be significant and the Company will be able to realise the carrying amounts of assets and fulfil its obligations as they fall due. Due to the nature of the pandemic and the associated uncertainties, the Company will continue to monitor any changes in the future economic conditions that can materially affect the business operations of the Company.

2.3 Basis of preparation, presentation and measurement

The functional currency of the Company is Euro. However, for purposes of compliance with the requirements of the Act, as aforesaid, these financial statements have been translated into Indian Rupees, being presentation currency, in accordance with the methodology prescribed for conversion of financial statements in Indian Accounting Standard (Ind-AS) 21: Effects of Changes in Foreign Exchange Rates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

For the purpose of presenting these financial statements, the assets and liabilities of the Company are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

These financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

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

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of products or services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

2.4 New accounting standards and recent accounting pronouncements

a. Standard issued and effective during the year

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New accounting standard Ind AS 116: Leases:

The Ministry of Corporate Affairs (MCA) has notified Ind AS 116 "Leases", which is effective for accounting periods beginning on or after 1 April, 2019. Ind AS 116 supersedes the earlier Ind AS 17: Leases. As a lessor, the transition to Ind AS 116 does not have any impact on the financial statements of the Company. As a lessee, the Company has transitioned to Ind AS 116 using 'modified retrospective approach'. Under this approach the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability. Further, the comparatives for the previous periods are not required to be restated. See Note 3.2 below for the new accounting policy on adoption to Ind AS 116 and Note 31 for further details.

Amendments to existing accounting standards applicable to the Company:

Amendments to the following accounting standards have become applicable for the current reporting period:

- Amendments to Ind AS 12: Income tax

  On 30th March 2019, Ministry of Corporate Affairs had notified Appendix C: Uncertainty over Income-Tax Treatments. The interpretation addressed the accounting of income taxes when tax treatment involves uncertainty that affects the application of Ind AS 12. The effective date for adoption of Ind AS 12 Appendix C was annual periods beginning on or after 1st April 2019.
  Further, the amendments to Ind AS 12 clarified that the income tax consequences of dividend were linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity recognises the income tax consequences of dividend in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. These amendments are applicable from annual periods beginning on or after April 1, 2019. These amendments have no impact on the Company's financial statements.

- Amendment to Ind AS 19: Employee benefits
  The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. These amendments apply to plan amendments, curtailments, or settlements occurring from annual periods beginning on or after 1 April 2019 and apply only to any future plan amendments, curtailments, or settlements. This amendment is currently not applicable and will apply only to any future plan amendments, curtailments, or settlements.

- Amendment to Ind AS 23: Borrowing costs
  The amendment clarified that any borrowing originally made to develop a qualifying asset should be treated as a part of general borrowings when substantially all the activities necessary to prepare that asset for its intended use or sale are completed. This amendment is applicable to the borrowing costs incurred from April 1, 2019. This amendment has no impact on the Company's financial statements.

b. New accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 24th July 2020, amendments to the existing standards have been notified. All these amendments are effective for annual periods beginning 1st April 2020. The summary of these amendments is as under:

- Amendments to Ind AS 103 Business Combination: The amendments substitute the existing definition of "business" with a more detailed definition and also provides optional test to identify concentration of fair value, element of Businesses and Assessing whether an acquired process is substantive. These amendments will apply to future business combinations.
- Amendments to Ind AS 107 Financial Instruments – Disclosures: The amendments prescribe additional disclosures in respect of uncertainty arising from interest rate benchmark reform.

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Chartered Accountants

- Amendments to Ind AS 109 Financial Instruments: The amendments provide certain temporary exceptions from applying specific hedge accounting requirements. These amendments will have no impact on the Company's financial statements.
- Amendments to Ind AS 116 Leases: The amendments provide a practical expedient for treatment of rent concessions occurring as a direct consequence of COVID-19 pandemic and related clarifications. These amendments will have no impact on the Company's financial statements.
- Amendments to Ind AS 1 Presentation of Financial Statements and Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors: The amendments provide a new definition of the term "material" and also provides related clarifications.
- Amendments to Ind AS 10 Events after the Reporting Period: The conditions requiring disclosure for a non-adjusting event has been elaborated.
- Amendments to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets: The amendments are consequent to amendments to Ind AS 1, Ind AS 8 and Ind AS 10, and also provides clarifications in respect of restructuring plans.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue from contract with customers is recognized when the Company satisfies the performance obligation by transfer of control of promised product or service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers.

Sale of products: Revenue from sale of products is recognized when the control of the goods has been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e. when the material is shipped to the customer or on delivery to the customer, as per the terms of the contract.

No element of financing is deemed present as the payment of transaction price is either made in advance / due immediately at the point of sale or the sales are made with a credit term of less than 90 days, which is consistent with the market practice. There are no contracts where the period between the transfer of promised goods or services to the customers and payment by the customers exceed one year. Consequently, no adjustment is required to the transaction price for the time value of money.

Contract balances:
The Company classifies the right to consideration in exchange for deliverables as trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. 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. Contract liabilities are presented as 'Advances from customers'.

Other income

Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leases

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

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The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

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

The Company applies the short-term lease recognition exemption to its short-term leases (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 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.

3.3 Foreign currency transactions and translation

The transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated using the closing rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not translated. Non-monetary items measured at fair value that are denominated in foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Employee benefits

Retirement benefit costs

Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include wages and salaries etc.

Long-term employee benefits:

The Company has only has only defined contribution plan under Long term employee benefits.

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Defined contribution plans:
Payments to defined contribution retirement benefit plan viz. employer's contribution to social security tax, are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions. The Company presents the component of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

3.5 Taxation

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises of amount of tax payable on taxable profit for the year determined in accordance with the provisions of the German tax laws and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Presentation of current and deferred tax:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

3.6 Property, plant and equipment

An item of Property, Plant and Equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, property, plant and equipment are carried at cost, as reduced by accumulated depreciation and impairment losses, if any.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

Cost comprises of purchase price / cost of construction, including non-refundable taxes or levies and any expenses attributable to bring the PPE to its working condition for its intended use. Project pre-operative expenses and expenditure incurred during construction period are capitalized to various eligible PPE. Borrowing costs directly attributable to acquisition or construction of qualifying PPE are capitalized.

Spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as 'Other Non-Current Assets'.

Depreciation is recognised so as to write off the cost of PPE (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful lives prescribed in Schedule II to the Companies Act, 2013 are considered as the minimum lives. If the management's estimate of the useful life of a property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PPE are depreciated over its estimated useful lives, determined as under:

- Plant and Equipments 8 years
- Furniture and fixtures 10 years
- Computers 3 years
- Office equipment 5 years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.7 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted. If it is not possible to measure fair value less cost of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement dates under market conditions, the asset's value in use is used as recoverable amount.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.8 Inventories

Inventories are valued at lower of the cost and net realisable value. Cost is determined using weighted average cost basis. Cost of inventories comprises all costs of materials, duties and taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of 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 liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable

3.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A] Financial assets

a) Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

b) Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

c) Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:
i. The Company's business model for managing the financial asset and
ii. The contractual cash flow characteristics of the financial asset.

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Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments, classified under financial assets, are initially measured at fair value. The Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI.

The Company does not have any financial assets in this category.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiaries, joint ventures and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

The Company does not have any financial assets in this category.

d) Foreign exchange gains and losses:

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

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

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e) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;
ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability.

The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

f) Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:
i. Trade receivables
ii. Financial assets measured at amortized cost (other than trade receivables)
iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.
12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset.

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ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss under the head 'Other expenses'/ 'Other income'.

B] Financial liabilities and equity instruments

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

i. Equity instruments:

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

ii. Financial Liabilities:

a) Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

b) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.
The Company has not designated any financial liability as at FVTPL.

c) Foreign exchange gains and losses:

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

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

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d) Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

4. Critical accounting judgements and use of estimates

The preparation of Company's financial statements requires management to make judgements, estimations and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods.

Following are the critical judgements, assumptions and use of estimates that have the most significant effects on the amounts recognized in these financial statements:

a) Useful lives of Property, Plant & Equipment (PPE):
The Company has adopted useful lives of PPE as described in Note 3.6 above. Depreciation are based on management estimates of the future useful lives of the property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charge. The Company reviews the estimated useful lives of PPE at the end of each reporting period.

b) Expected credit losses on financial assets
The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

c) Recognition and measurement of provisions and contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances. In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Judgment is required to determine the probability of such potential liabilities actually crystallising. In case the probability is low, the same is treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

d) Income taxes

Provision for current tax is made based on reasonable estimate of taxable income computed as per the prevailing German tax laws. The amount of such provision is based on various factors including interpretation of tax regulations, changes in tax laws, acceptance of tax positions in the tax assessments etc.

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

5: Property, plant & equipment

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Carrying amount of:		
Plant and equipments	100.46	109.78
Office equipments	9.71	11.47
Furniture and fixtures	16.88	1.69
	127.05	**122.94**

(Rs. In Lakhs)

Particulars	Plant and equipments	Office equipments	Furniture and fixtures	Total
I. Cost or Deemed Cost				
Balance as at 1st April, 2018	**13.90**	**14.34**	**2.20**	**30.44**
Additions	112.59	6.65	-	**119.24**
Effect of foreign currency translation differences	(1.01)	(0.57)	(0.09)	**(1.67)**
Balance as at 31st March, 2019	**125.48**	**20.42**	**2.11**	**148.01**
Additions	-	3.10	16.35	**19.45**
Effect of foreign currency translation differences	8.80	1.41	0.16	**10.37**
Balance as at 31st March, 2020	**134.28**	**24.93**	**18.62**	**177.83**

(Rs. In Lakhs)

Particulars	Plant and equipments	Office equipments	Furniture and fixtures	Total
II. Accumulated depreciation				
Balance as at 1st April, 2018	**5.59**	**5.54**	**0.22**	**11.35**
Depreciation for the year	10.70	3.67	0.21	**14.58**
Effect of foreign currency translation differences	(0.59)	(0.26)	(0.01)	**(0.86)**
Balance as at 31st March, 2019	**15.70**	**8.95**	**0.42**	**25.07**
Depreciation for the year	16.95	5.60	1.29	**23.84**
Effect of foreign currency translation differences	1.17	0.67	0.03	**1.87**
Balance as at 31st March, 2020	**33.82**	**15.22**	**1.74**	**50.78**

(Rs. In Lakhs)

Particulars	Plant and equipments	Office equipments	Furniture and fixtures	Total
III. Net Carrying amount				
Balance as at 31st March, 2019	109.78	11.47	1.69	**122.94**
Balance as at 31st March, 2020	100.46	9.71	16.88	**127.05**

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

6: Right of use assets

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Right of use assets (see note 31)	344.55	
	344.55	-

7: Inventories
(at lower of cost and net realizable value)

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stock-in-trade	8,145.73	6,689.66
	8,145.73	**6,689.66**

The mode of valuation of inventories has been stated in Note 3.8

8: Trade receivables

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Considered good - unsecured	5,790.36	4,576.60
	5,790.36	**4,576.60**

9: Cash & cash equivalents

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks - in current accounts	112.37	135.43
	112.37	**135.43**

10: Loans

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good)		
Security deposits	28.00	31.05
	28.00	**31.05**

11: Other current assets

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances to related parties (see note 32)	697.35	-
Advances to suppliers	1.04	-
Advances to employees	71.38	22.63
VAT refund claimed (net)	51.28	550.62
Prepaid expenses	17.51	13.79
	838.56	**587.04**

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

12: Equity share capital

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital contribution at par value	21.82	21.82
	21.82	**21.82**

Reconciliation of shares outstanding at the beginnning and at the end of the year

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At the beginning of the year	21.82	21.82
At the end of the year	21.82	21.82

Terms/rights attached to equity shares

Gujarat Fluorochemicals Limited (ealier known as Inox Fluorochemicals Limited) is the sole legal and beneficial holder of all shares of Gujarat Fluorochemicals GmbH with a face value of EUR 25,000 and is entitled to dividends and to exercise its voting rights attached to the shares.

a) Shares held by Holding Company

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
GFL Limited, India (earlier known as Gujarat Fluorochemicals Limited)	-	21.82
Gujarat Fluorochemicals Limited, India (earlier known as Inox Fluorochemcials Limited)	21.82	-

b) Details of shareholders holding more than 5% shares in the company

	(Rs. In Lakhs)	Holding %
As at 31st March, 2020		
Gujarat Fluorochemicals Limited, India (earlier known as Inox Fluorochemcials Limited)	21.82	100.00%
As at 31st March, 2019		
GFL Limited, India (earlier known as Gujarat Fluorochemicals Limited)	21.82	100.00%

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Gujarat Fluorochemicals GmbH

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

13: Other Equity

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Foreign currency translation reserve	261.98	79.71
Retained earnings	2,364.24	1,654.87
	2,626.22	**1,734.58**

(Rs. In Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
a) Foreign currency translation reserve		
Balance at the beginning of the year	79.71	172.49
Movement during the year	182.27	(92.78)
Balance as at the end of the year	**261.98**	**79.71**

Foreign curreny translation reserve is on account of translation of assets and liabilities from functional to presentation currency - see Note 2.3

(Rs. In Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
b) Retained earnings		
Balance at the beginning of the year	1,654.87	771.28
Profit for the year	709.37	883.59
Balance as at the end of the year	**2,364.24**	**1,654.87**

14: Other financial liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Lease Liability (see note 31)	264.72	-
	264.72	-

PATANKAR & ASSOCIATES ★ 19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30 ★ Chartered Accountants

Gujarat Fluorochemicals GmbH

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

15: Trade payables

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables	11,320.89	9,722.77
	11,320.89	**9,722.77**

16: Other current financial liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Expenses payable	198.62	166.13
Lease Liability (see note 31)	82.92	-
	281.54	**166.13**

17: Other current liabilities

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances from customers	7.41	6.13
	7.41	**6.13**

18: Current tax liabilities (net)

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for taxation (net of payments)	864.02	491.29
	864.02	**491.29**

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Gujarat Fluorochemicals GmbH

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

19: Revenue from operations

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Revenue from contracts with customers		
Sale of products	24,644.84	24,994.48
	24,644.84	**24,994.48**

Disaggregated revenue information

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
On the basis of type of goods		
Polytetrafluoroethylene (PTFE)	18,514.08	21,678.46
Other products	6,130.76	3,316.02
	24,644.84	**24,994.48**

Contract balances:

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables	5,790.36	4,576.60
Contract liability	7.41	6.13

During the year ended 31st March 2020, the Company has recognized revenue of Rs. 6.13 lakhs (previous year Rs. 7.18 Lakhs) arising from opening contract liabilities.

Performance obligation

The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, in terms of the contract.

There are no remaining performance obligations as at the end of the year. For this purpose, as permitted under Ind AS 115, the transaction price allocated to contracts for original expected duration of one year or less are not considered.

Reconciliation of gross revenue with revenue from contracts with customers

(Rs. In Lakhs)

Particulars	2019-2020
Gross revenue	24,692.30
Less: Discounts, rebates etc.	(47.46)
Net revenue recognised from contracts with customers	**24,644.84**

20: Other income

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Net gain on foreign currency transactions and translation	2.25	14.00
Liabilities and provisions no longer required, written back	-	10.68
Miscellaneous income	65.46	0.63
	67.71	**25.31**

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Gujarat Fluorochemicals GmbH

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

21: Purchases of stock-in-trade

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Purchases of stock-in-trade	22,482.60	26,647.03
	22,482.60	**26,647.03**

22: Changes in inventory of stock-in-trade

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Opening stock		
Stock-in-trade	6,689.66	1,976.56
Less: Closing stock		
Stock-in-trade	8,145.73	6,689.66
Subtotal	**(1,456.07)**	**(4,713.10)**
Effect of changes in exchange currency rates	508.04	(286.98)
Net (Increase) / Decrease In Stock	**(948.03)**	**(5,000.08)**

23: Employee benefits expense

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Salaries and wages	877.63	832.34
Contribution to employee benefit funds	101.50	101.02
Staff welfare	7.59	1.63
	986.72	**934.99**

24: Finance Costs

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Interest on lease liability	10.86	-
	10.86	-

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

25: Depreciation & amortisation expense

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Depreciation on property, plant & equipment	23.84	14.58
Depreciation on right-of-use assets	98.40	-
	122.24	**14.58**

26: Other expenses

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Freight	531.78	618.59
Freight on Sales return	3.47	0.84
Insurance	8.40	7.39
Rent	23.41	105.95
Lease rentals and hire charges	21.79	23.07
Travelling and conveyance	146.18	174.96
Communication expenses	10.05	12.51
Legal and professional fees and expenses	91.51	90.94
Stores and spares consumed	4.90	2.30
Commission	17.72	15.70
Rates and taxes	0.71	18.55
Miscellaneous expenses	121.42	73.44
	981.34	**1,144.24**

27: Tax expense

(Rs. In Lakhs)

Particulars	2019-2020	2018-2019
Current Tax		
In respect of current year	367.45	395.44
	367.45	**395.44**

The income tax expense for the year can be reconciled to the accounting profit as follows :

Profit before tax	1,076.82	1,279.03
Income tax using Company's domestic tax rate	347.54	412.81
Foreign exchange translation difference	19.91	(17.37)
	367.45	395.44

The tax rate used for FY 2019-2020 & FY 2018-2019 in reconciliation above is 32.275% comprising of Income Tax and Trade Tax as per German Tax laws.

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28 Segment information

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on single business segment of trading of fluoropolymers (PTFE, PVDF, PFA, FEP & FKM) and allied products i.e. chemical segment. Hence the Company is having only one reportable business segment under Ind AS 108 : Operating segment. Further, almost all of the activities of the Company are in Europe with an insignificant portion in other parts of the world.

28.1 Revenue from major products

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Polytetrafluoroethylene (PTFE)	18,514.08	21,678.46
Other products	6,130.76	3,316.02
Total	**24,644.84**	**24,994.48**

28.2 Geographical information

The Company's revenue from external customers by location of operations are detailed below

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Europe	24,463.26	24,807.79
Rest of the World	181.58	186.69
Total	24,644.84	24,994.48

28.3 Information about major customers

During the current year and previous year, no external customer contirbuted more than 10% of the Company's revenue.

29 Employee benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss in the year in which the related service is rendered.

Contribution to Social Security Tax - Employer Contribution of Rs. 98.98 Lakhs (previous year Rs 98.67 Lakhs) is recognised as an expense and included in "Contribution to employee benefit funds" in Statement of Profit and Loss.

Contribution to Workmen's Compensation Insurance of Rs. 2.51 Lakhs (previous year Rs 1.88 Lakhs) is recognised as an expense and included in "Contribution to employee benefit funds" in Statement of Profit and Loss.

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30 Financial Instruments:

30.1 Capital Management

The Company is wholly owned by its parent company and it does not have any external borrowings and is not subject to any externally imposed capital requirements.

30.2 Categories of financial instruments

(Rs. In Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
a) Financial assets		
Measured at amortised cost		
(a) Cash & cash equivalents	112.37	135.43
(b) Other financial assets		
(i) Trade receivables	5,790.36	4,576.60
(ii) Loans	28.00	31.05
Total financial assets	**5,930.73**	**4,743.08**
b) Financial liabilities		
Measured at amortised cost		
(a) Trade payables	11,320.89	9,722.77
(b) Other financial liabilities	546.26	166.13
Total financial liabilities	**11,867.15**	**9,888.90**

The carrying amount reflected above represents the Company's maximum exposure to credit risk for such financial assets.

30.3 Financial risk management

The Company's principal financial liabilities comprise of trade and other payables. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents derived directly from its operations.

The Company is exposed to foreign currency risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

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30 **Financial Instruments: Cont.**

30.4 Foreign Currency Risk Management

The Company is subject to the risk that changes in foreign currency values mainly impact the Company's export revenue. Exchange rate exposures are managed within approved policy parameters by entering in to foreign currency forward contracts, options and swaps, whenever required.

The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

The carrying amount of foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follow:

Particulars	As at 31st March, 2020	As at 31st March, 2019 (GBP In Lakhs)
Assets		
Trade Receivables	-	1.18
Total Assets In GBP	-	1.18

Particulars	As at 31st March, 2020	As at 31st March, 2019 (USD In Lakhs)
Assets		
Trade Receivables	1.28	2.42
Total Assets in USD	**1.28**	**2.42**

There are no Foreign Currency denominated monetary liabilities.

The carrying amount in EURO value of the above foreign currency is as under :

Particulars	As at 31st March, 2020	As at 31st March, 2019 (EURO In Lakhs)
Assets		
Trade Receivables	-	1.37
EURO equivalent of GBP	-	1.37

Particulars	As at 31st March, 2020	As at 31st March, 2019 (EURO In Lakhs)
Assets		
Trade Receivables	1.16	2.16
EURO equivalent of USD	**1.16**	**2.16**

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Gujarat Fluorochemicals GmbH

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

30 Financial Instruments: Cont.

30.5 Foreign Currency Sensitivity Analysis

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and British Pound.

The following table details the Company's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies on equity and profit or loss.

A 10% strengthening of the Euro against key currencies to which the Company is exposed (net of hedge) would have led to additional gain in the Statement of Profit and Loss. A 10% weakening of the Euro against these currencies would have led to an equal but opposite effect.

(In Euro)

Particulars	GBP Impact (net of tax)	
	As at 31st March, 2020	As at 31st March, 2019
Impact on profit or loss for the year	-	(0.09)
Impact on total equity as at the end of the reporting period	-	(0.09)

(In Euro)

Particulars	USD Impact (net of tax)	
	As at 31st March, 2020	As at 31st March, 2019
Impact on profit or loss for the year	(0.08)	(0.15)
Impact on total equity as at the end of the reporting period	(0.08)	(0.15)

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

30 Financial Instruments: Cont.

30.6 Credit Risk Management

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables.

a) Trade receivables

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management.The average credit period on sales of products is less than 90 days. The concentration of credit risk is limited due to the fact that the customer base is large and diverse. There are 3 external customers representing more than 5% of the total balance of trade receivables as on 31 March 2020, amounting to Rs. 1,734.68 Lakhs (5 customers amounting to Rs 1,603.13 Lakhs as on 31 March 2019). All trade receivables are reviewed and assessed for default on time to time basis.

The expected credit loss allowance is based on the ageing of the receivables and the rates as given in the provision matrix. The provision matrix at the end of the year is as follows:

Ageing	Expected credit loss (%)
less than 365 days	0%
Above 365 days	100%

30.7 Liquidity Risk Management

Ultimate responsibility for Company's liquidity risk management rests with the senior management and its holding company. The Company generally manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and if needed, financial support of holding company.

30.7.1 Liquidity and Interest risk tables

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table below include only principal cash flows in relation to financial liabilities.

(Rs. In Lakhs)

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
	INR	INR	INR	INR
As at 31st March, 2020				
Trade payables	11,320.89	-	-	11,320.89
Other financial liabilities	281.54	264.72	-	546.26
Total	**11,602.43**	**264.72**	**-**	**11,867.15**
As at 31st March, 2019				
Trade payables	9,722.77	-	-	9,722.77
Other financial liabilities	166.13	-	-	166.13
Total	**9,888.90**	**-**	**-**	**9,888.90**

The above liabilities will be met by the Company from internal accruals, realization of current and non-current financial assets and support from holding company, whenever required.

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30.8 Fair value measurements

The carrying amount of financial assets and financial liabilities measured at amortized cost in the financial statement are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different than the values that will be eventually received or paid.

31 Leases

Company as a lessee

(a) The Company's leasing arrangements are in respect of commercial premises on lease.
Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability. The Company is not required restate the comparative information.

(b) The following is the summary of practical expedients elected on initial application:
1) Applied a single discount rate to a portfolio of leases with reasonably similar charactertistics.
2) Applied the exemption not to recognize right-of-use assets and liabilities for leases expiring within 12 months of lease term on the date of initial application.
3) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4) Applied the practical expedient to apply Ind AS 116 to the contracts that were previously identified as leases applying Ind AS 17: Leases and hence not reassessed whether a contract is, or contains, a lease at the date of the intial application.
The weighted average incremental borrowing rate applied to lease liabilities as at 1st April, 2019 is 5.68 % p.a.

The difference between the operating lease commitments disclosed applying Ind AS 17 as at 31st March, 2019, discounted to the present value at the date of initial application of Ind AS 116, and the value of the lease liability as at 1st April, 2019 (transferred and vested with the Company, pursuant to demerger), is on account of exclusion of short term leases.

The effect of adoption of Ind AS 116 on the line items in the financial statements, profit before tax and profit for the year is not significant. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(c) Particulars of right-of-use assets and lease liability
i. Carrying value of right-of-use assets by class of underlying assets

(Rs.in Lakhs)

Particulars	As at 31st March, 2020	
	Buildings	Total
On recognition as at 1st April, 2019	192.01	192.01
Addition during the year	367.52	367.52
Deletion during the year	116.58	116.58
Depreciation for the year	98.40	98.40
Balance as at 31st March 2020	344.55	344.55

ii. Movement in lease liability during year ended

(Rs.in Lakhs)

Particulars	As at 31st March, 2020
On recognition as at 1st April, 2019	192.01
Additions during the year	367.52
Deletions	(119.30)
Interest on lease liability	10.86
Payment of lease liability	(106.16)
Effect of foreign currency translation differences (gain)/loss (net)	2.71
Balance as at 31st March 2020	347.64

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Gujarat Fluorochemicals GmbH

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

31 Leases

iii. Contractual maturities of lease liabilities as at reporting date on an undiscounted basis:

(Rs.in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	100.52	102.86
One to five years	286.72	94.29
More than five years	-	-
Total undiscounted lease liabilities	387.24	197.15

iv. Amount recognized in statement of profit and loss

(Rs.in Lakhs)

Particulars	As at 31st March, 2020
Interest on lease liability	10.86
Included in rent expenses: Expense relating to short-term leases	23.40

v. Amounts recognised in the statement of cash flows

(Rs.in Lakhs)

Particulars	As at 31st March, 2020
Total cash outflow for leases	106.16

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Gujarat Fluorochemicals GmbH

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

32 Related Party disclosures:

A. Names of related parties
Where control exists:
Holding Company

(i) Gujarat Fluorochemicals Limited, India (Earlier know as Inox Fluorochemicals Limited)- On demerger see note 1)
(ii) GFL Limited, India (earlier known as Gujarat Fuorochemicals Limited)- Upto demerger (see note 1)
(iii) Inox Leasing and Finance Limited, India (ultimate holding company)

Other related party with whom transaction exists:
(i) Gujarat Fluorochemicals Americas LLC (fellow subsidiary)
(ii) GFL GM Fluorospar SA (fellow subsidiary)

B. Transactions during the year :

(Rs. In Lakhs)

Sr. no.	Particulars	2019-20	2018-19
a)	**Purchase of goods**		
	GFL Limited, India	-	25,235.38
	Gujarat Fluorochemicals Limited, India	20,935.89	-
	GFL GM Fluorospar SA	583.17	-
	Gujarat Fluorochemicals Americas LLC	108.12	4.00
		21,627.18	**25,239.38**
b)	**Advance given towards purchase of goods**		
	GFL GM Fluorospar SA	697.35	-
c)	**Purchase return**		
	GFL Limited, India	-	131.22
	Gujarat Fluorochemicals Limited, India	918.76	-
d)	**Sale of goods**		
	Gujarat Fluorochemicals Americas LLC	-	24.86
e)	**Reimbursement of expenses (paid)/payments made on behalf of the Company**		
	GFL Limited, India	-	8.08
	Gujarat Fluorochemicals Limited, India	0.69	-
f)	**Reimbursement of expenses (received)/payments made on behalf of the Company**		
	GFL Limited, India	-	0.12
	Gujarat Fluorochemicals Limited, India	11.49	-

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Gujarat Fluorochemicals GmbH

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

32 Related Party disclosures:cont.

C. Amount outstanding as at the end of the year:

(Rs. In Lakhs)

Sr. no.	Particulars	As at 31st March, 2020	As at 31st March, 2019
a)	**Trade receivables**		
	GFL Limited, India	-	231.06
	Gujarat Fluorochemicals Limited, India	5.23	-
b)	**Advances for purchase of goods**		
	GFL GM Fluorospar SA	697.35	-
c)	**Trade payables**		
	GFL Limited, India	-	9,415.68
	Gujarat Fluorochemicals Limited, India	10,657.05	-
	Gujarat Fluorochemicals Americas LLC	2.49	4.08

As per our report of even date attached
For PATANKAR & ASSOCIATES
Chartered Accountants
Firm's Registration No. 107628W

S. S. Agrawal
Partner
Membership No. 049051

Place: Pune
Date: 29/07/2020

PATANKAR & ASSOCIATES ★ Chartered Accountants ★ 19, Gold Wings, Parvati Nagar, Sinhgad Road, PUNE-30

For GUJARAT FLUOROCHEMICALS GMBH

Satish Kakade
Managing Director

Place: Noida
Date: 29/07/2020