

Fine Organic Industries Limited

(Formerly known as Fine Organic Industries Private Limited)

Regd. Office : Fine House, Anandji Street, Off M G Road,
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Email : info@fineorganics.com

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Date: July 4, 2019

| | |
|---|---|
| To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | To National Stock Exchange of India Limited Plot No. C/I, "6" Block, Exchange Plaza Bandra Kurla Complex, Bandra (East) Mumbai - 400 051 |
|---|---|

Security Code: 541557

Symbols: FINEORG

Dear Sir/Madam,

Sub: Annual Report under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to Regulation 34(1) of the Listing Regulations, please find enclosed the Annual Report of the Company along with the Notice of the Annual General Meeting for F.Y. 2018-19.

We request you to take the same on record.

Thanking You,

Yours faithfully,

For Fine Organic Industries Limited

Pooja Gaonkar

Company Secretary and Compliance Officer



Encl: as stated above

Fine Organic Industries Limited
Annual Report 2018-19

**Solution-centric
approach.
Innovation-driven
mindset.**



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INVESTOR INFORMATION

- Market Capitalisation : ₹ 3,800 crores as at March 31, 2019
- CIN : U24119MH2002PLC136003
- BSE code : 541557
- NSE code : FINEORG
- Bloomberg code : FINEORG:IN
- AGM date : July 30, 2019
- Venue : Kanji Khetsey Sabhagriha, Bhartiya Vidya Bhavan, K.M. Munshi Marg, Mumbai 400 007

Please find our online version at
<https://www.fineorganics.com/investor-relations>

Or
Simply scan to download



HIGHLIGHTS 2018-19

| | | |
|--------------------------------------|-----------------------------------|--------------------------------|
| ₹ 1,04,397 lakhs, +22% Revenue | ₹ 22,225 lakhs, +35% EBITDA | ₹ 12,901 lakhs, +27% PAT |
| 32% RoCE | 21.3%, +214 bps EBITDA margins | 12.4%, +52 bps PAT margins |

EBITDA: Earnings before interest, tax, depreciation and amortisation (Less) Other income | PAT: Profit after tax | RoCE: Return on Capital Employed

Disclaimer

This document contains statements about expected future events and financials of Fine Organic Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of this Annual Report.

There's a place....

...where problem meets its right solution.

...where innovative mindsets find their fullest potential to develop.

...where customers get the right confidence along with the product.

...where employees become a family with shared values and goals.

And, where communities can develop with our support.

Isn't it
'Fine'tastic?

We are omnipresent and form a part of your life in every way. Our solution-centric approach and innovation-driven solutions may just act as a **'Technical Pinch of Salt'** in the end product, but it makes a HUGE difference in the Performance.

If put in Fine words, we are
Making Things Better®.

Read on... to know more

Expertise in Oleo-chemistry

Fine Organic Industries Limited ('Fine Organics' or 'the Company') is an established and reputed international player of oleochemical-based additives, rooted in India.

Incorporated in 1970 as a food additives producer, Fine Organics has pioneered in developing wide range of unique specialty additives for a variety of applications that are connected to humans in their daily lives. These include applications in foods, plastics, cosmetics, coatings and rubbers etc.

Our manufacturing facilities located at Ambarnath, Badlapur and Dombivli with combined capacities of 69,300 TPA produces over 400 specialty additives. With a dedicated team of passionate experts, we have successfully developed in-house technologies and processes, supported by strong Research and Development (R&D), which results in developing best quality products and applications, as per the needs of the customers.



70+

Presence in Countries

150+

Global Distribution Network

670+

Direct Customers

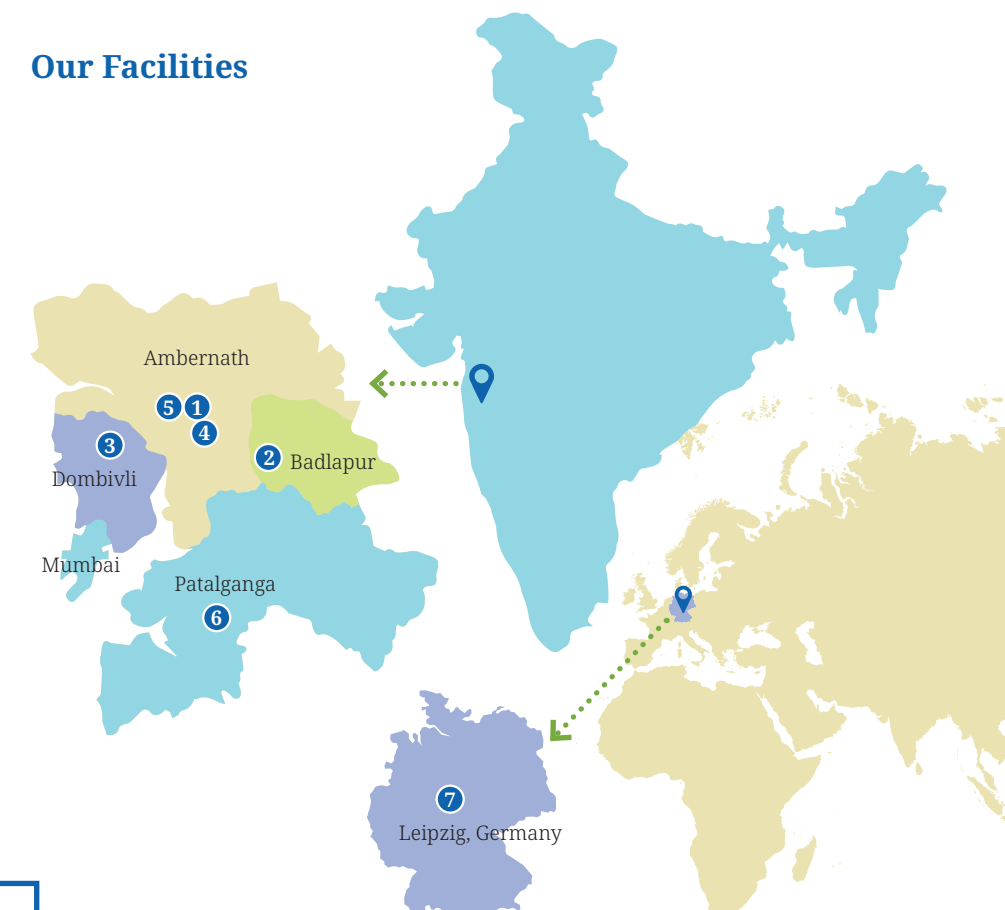
5,000+

End Consumers

69,300 TPA

Production Capacity as on
March 31, 2019

Our Facilities



- 1 1st Ambarnath Facility
- 2 Badlapur Facility
- 3 Dombivli Facility
- 4 2nd Ambarnath Facility
- 5 3rd Ambarnath Facility
- 6 Patalganga Facility
- 7 German Facility (Joint Venture)

VISION

To become a preferred supplier of Oleochemical derivatives globally

MISSION

- To use our expertise in oleo-chemistry and build a portfolio of additives and ingredients
- To build a state-of-the-art infrastructure for research and manufacturing
- To develop a lean, empowered team that is aligned with the organisation's core values

VALUES

- **Integrity**
To display trust, responsibility and accountability in building lasting relationships with customers and stakeholders
- **Execution Excellence**
To demonstrate pride, passion and professionalism
- **Customer-First**
To anticipate and fulfil customer needs
- **Entrepreneurial Thinking**
To convert unconventional ideas into action

Business Model

Our business model and strategies drive stakeholder value creation. We efficiently utilise our input capitals and blend it to our processes with a clear understanding of the externalities and continuous dialogue with our stakeholders. It helps in setting our priorities across the value chain leading to a desirable output across financial and non-financial performance parameters.

VALUE CREATION FOR STAKEHOLDERS

INPUTS

Financial Capital

Comprises the financial assets in the form of debt and equity

Manufacturing capital

Comprises production facilities and raw materials for production

Human capital

Comprises knowledge, skills and experience of employees

Intellectual capital

Comprises research and development, in-house Engineering R&D, continuous innovation and goodwill

Relationship capital

Comprises relationships with internal and external stakeholders – shareholders, Government and regulatory authorities, vendors and customers

Natural capital

Comprises environmental resources like land and water used by the Company in its value creation process

PROCESS



OUTPUT

- One of the five global players in the polymer additives industry
- One of the six global players in the Specialty Food Emulsifiers
- Pioneers and the largest manufacturers of oleochemical-based additives in India and a strong player globally
- Fully-automated production facilities
- Multiple production sites
- One of the leading players to develop proprietary technology to manufacture green additives since inception
- Good financial performance
- Diversified product portfolio
- Diversified customer and market base
- Market leadership in India and globally for selected products
- In-house research and development, driving innovations

Shareholders

- Returns in the form of dividend and capital appreciation

Government and Regulatory Authorities

- Timely compliances
- Contribution to exchequers in the forms of taxes

Vendors

- Long standing supplier relations
- Payment in time

Employees

- Healthy and motivated work environment
- Professional development

Customers and Consumers

- Quality products
- Higher satisfaction
- Long standing Relationship

Nature and Environment

- Zero-liquid discharge facilities
- Green Chemistry

Society

- Job creation
- Community care

Chairman's Message



Our constant focus on diversifying into new verticals with a solution-centric approach, led by innovation-driven mindset, has helped us in developing a robust business model.

Dear Shareholders,

We believe that every company should remember their source of inspiration – what makes them tick, what sparks their creativity and what motivates them to make a difference. During the last four decades, Fine Organics has undergone a remarkable evolution in understanding the needs and expectations of our customers and end consumers. They serve as our source of inspiration in our mission to make everyday life better.

Built around our strong commitments to customers, communities, employees, shareholders and the environment, our leadership vision brings together what we believe are the essential prerequisites for maintaining the long-term health and growth of the company.

Continuous focus on innovation and solutions

We continue our relentless focus on delivering products that adds value to our customers' products. Our constant focus on diversifying into new verticals with a solution-centric approach, led by innovation-driven mindset, has helped us in developing a robust business model. Our Oleo-chemistry expertise has allowed us to serve some of the high entry barrier industries, which is a testimony of our long-term commitment and business sustainability. During 2018-19, we further introduced 30 new specialty additives that would cater to the niche requirements of our end user segments.

Strong fundamentals drove financial performance

Our financial performance in 2018-19 has shown a remarkable growth. Our net revenues have grown 22% to ₹ 1,04,397 lakhs up from ₹ 85,629 lakhs, EBITDA improved 35% to ₹ 22,225 lakhs in 2018-19 as against ₹ 16,398 lakhs in 2017-18 and our PAT improved 27% to ₹ 12,901 lakhs in 2018-19 as against ₹ 10,134 lakhs in 2017-18. The strong performance is an outcome of round-the-year demand from our end user industries across geographies. This year we saw an upward movement in terms of value as well as volumes. Our plant capacity utilisation continued to operate at maximum levels.

Expansion updates

In our last year's communication, we had mentioned about acquiring an existing facility at Ambarnath on sublease basis having an installed capacity of 5,000 TPA, the same has been done during the last year. This adds to a total of 69,300 TPA of operational capacity as on March 31, 2019. The construction of proposed third facility at Ambarnath with a capacity of 32,000 TPA was completed as per the schedule in the month of June 2019. The production at this facility is planned in a phased manner and it will be fully operational by October 2019. This expansion reflects our endeavour to remain future ready to ride the next wave of growth.

Another 10,000 TPA facility is planned at Patalganga and is dedicated to food additives for export and growing domestic markets. This project is expected to be completed by Q2 FY21 (subject to necessary regulatory approvals). In relation to our joint venture Fine Zeelandia Private Limited, it has commenced commercial production in the last year. In order to expand our footprints globally, we have entered into JV with Adcotec, to set up 'Fine Add Ingredients GmbH', which will operate a 10,000 TPA facility in Germany and sell Food additives in European markets. The facility is expected to commence operations in FY22 (subject to necessary regulatory approvals).

Growing with the industry

We also grow when the end user industry blooms. Our key user industries include high growth packaging industry, polymers and food additives. Apart from this, other consumers of our products include cosmetics, coatings, lubricants and other specialty applications.

Over the next few years, we see high potential of plastic penetration in India as per capita usage stands at ~11 kg compared with the global average of 30 kg. With the changing lifestyles and hectic work schedules, the food processing and packaging industry in India is expected to witness enormous growth. This presents an unprecedented opportunity for us to spread our

wings while creating enhanced value for all of our stakeholders.

The softer aspect

At Fine Organics, we believe that our people are our biggest assets who consistently fuel our growth. We nurture talent and provide learning and development opportunities to ensure capability building. We have a very good work life balance culture.

Concluding remarks

Going ahead, we continue to remain optimistic about the global and domestic opportunities and are confident of capturing the same with the help of R&D prowess, in-house process designing and manufacturing capabilities and long-standing vendor and customer relationships. We are looking forward towards exploring opportunities in developing feed nutrition additives and other specialty additives with a strong focus on value added products.

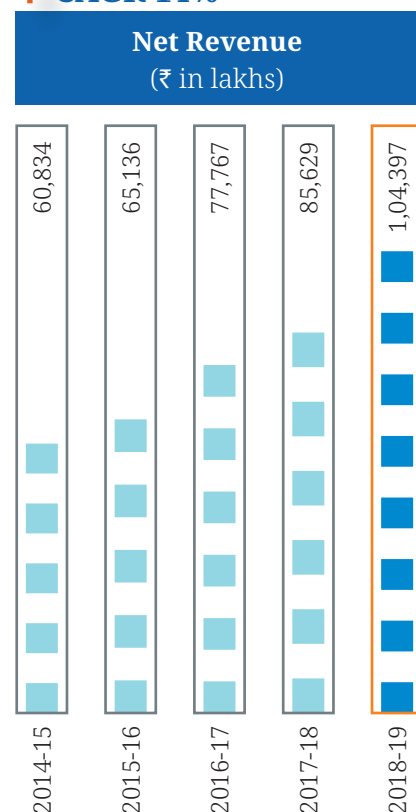
As we take important steps towards visibility of our commitments and integrating it throughout the business, I would like to acknowledge the trust and respect of our stakeholders, customers, employees and communities. We will always respect and never lose sight of the same. I am also thankful to our Board members for bringing in their insights and guiding the organisation as per the set priorities. We look forward to create more such milestones going ahead.

Best wishes,

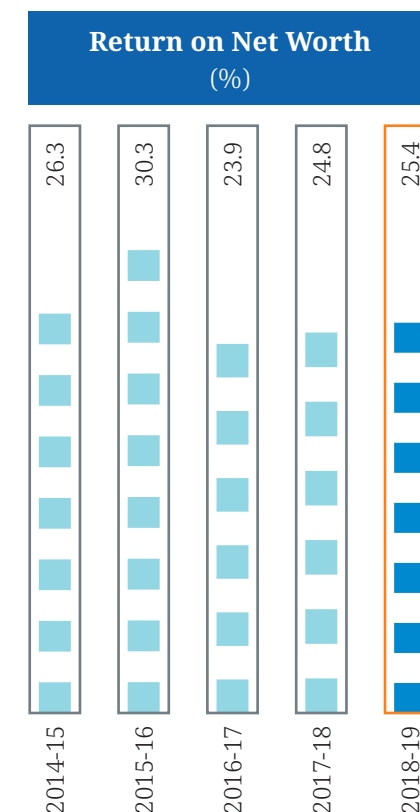
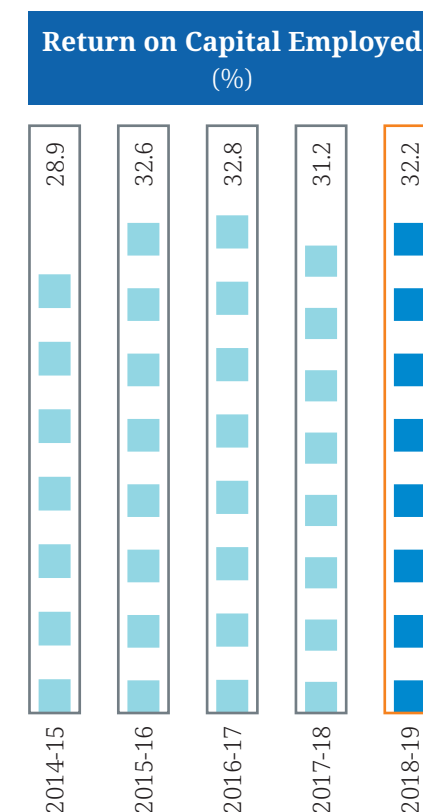
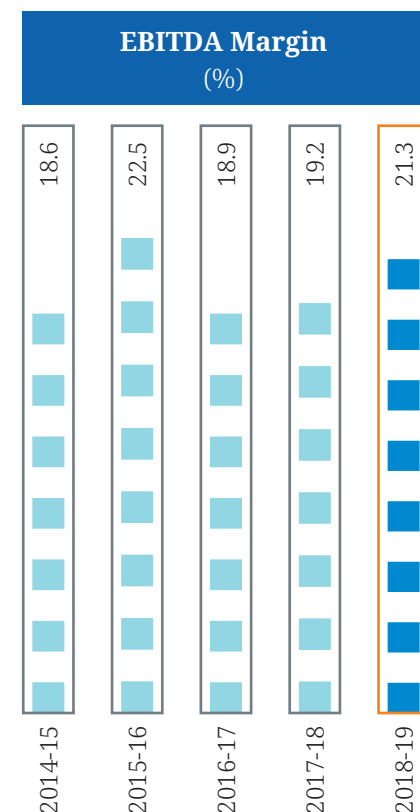
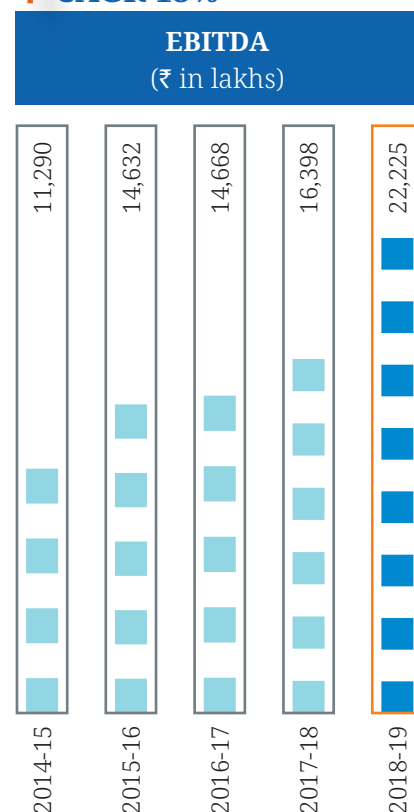
Prakash Kamat
Chairman and Executive Director

Financial Performance

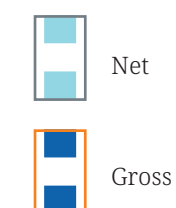
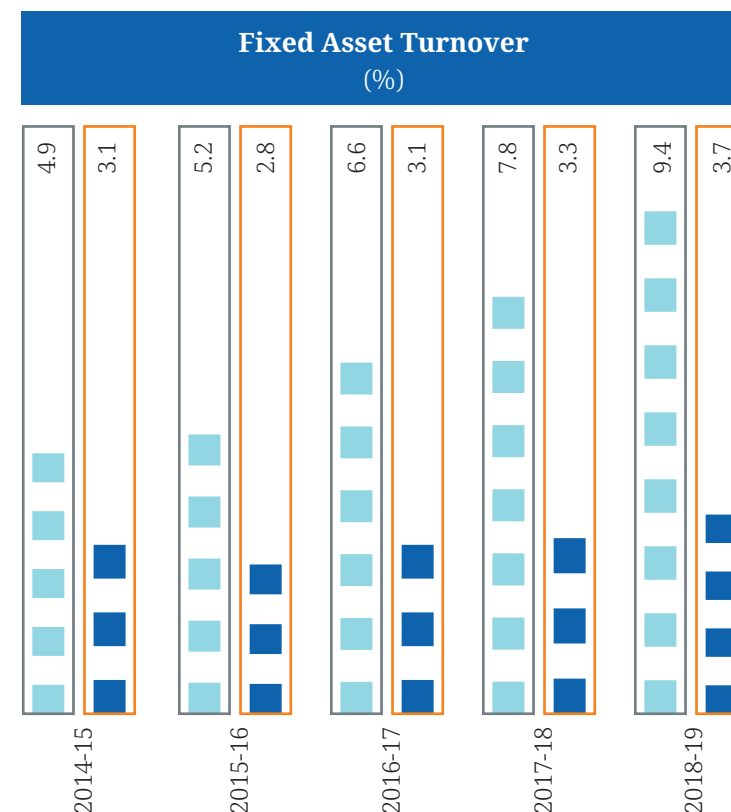
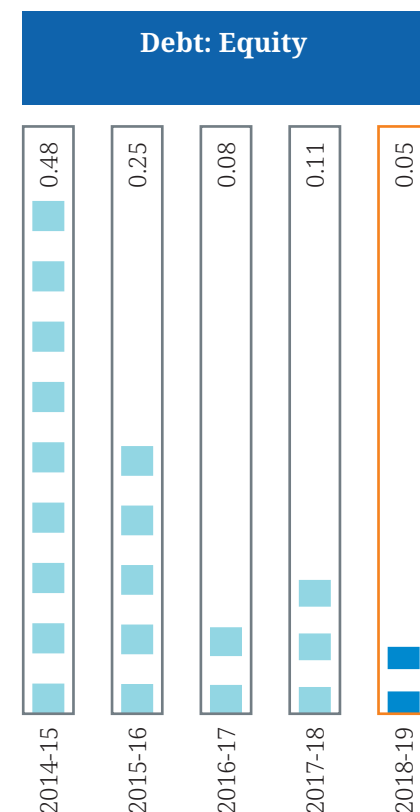
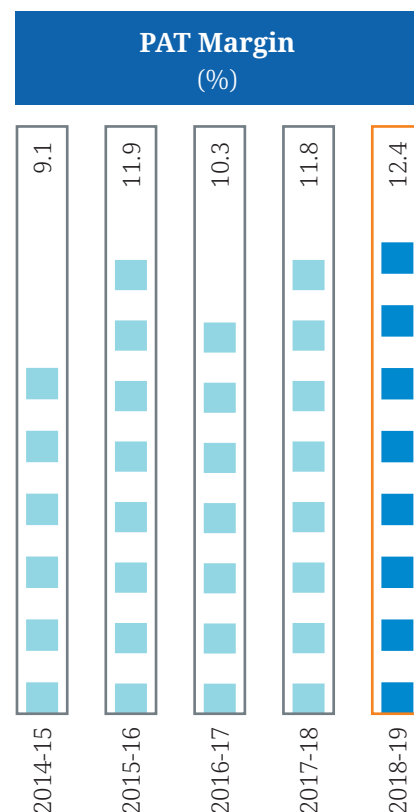
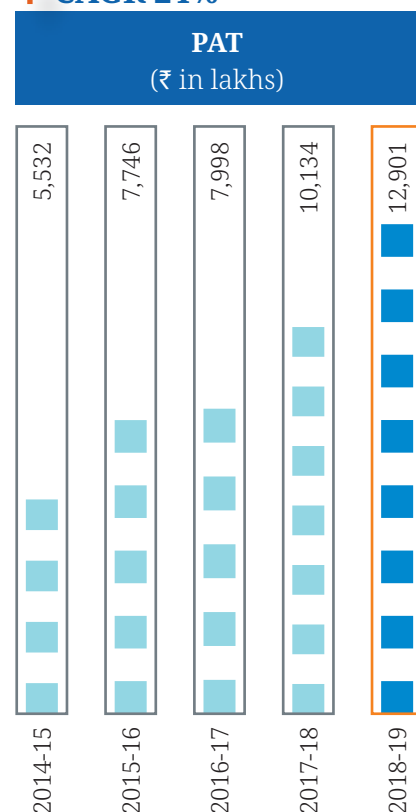
↑ CAGR 14%



↑ CAGR 18%



↑ CAGR 24%



EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation less other non-operating income
PAT: Profit after Tax

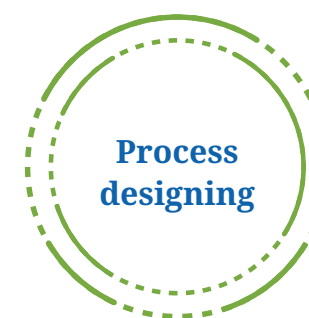
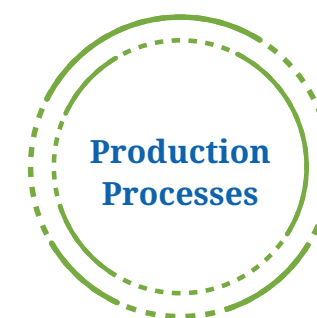
*All the figures are on Standalone basis

Solution-centric approach Innovation-driven mindset

Fine Organics focuses its research on defining and advancing the reach of additives through innovation. It places significant emphasis on improving its production processes, quality consistency and creating downstream products developments.

Our R&D team includes a dedicated team of scientists and technicians. Our facilities are equipped with organic synthesis, spectroscopy and method development, scale-up synthesis on pilot plants and application development support.

Key focus areas:



In-house

Process development

400+

Products

18

Scientists and technicians

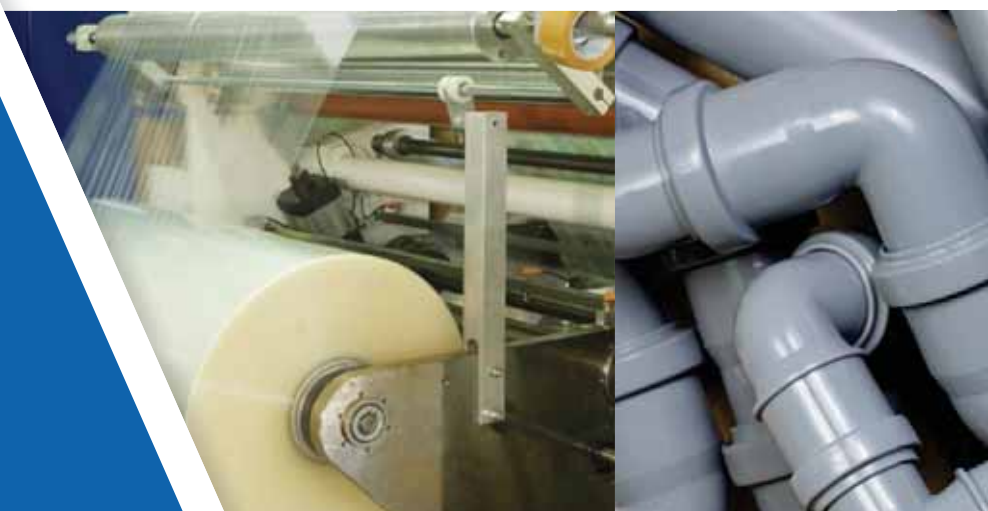
MAKING THINGS BETTER® with Innovation impact!

Our products find applications across a wide spectrum of industries like food and beverages, plastics, cosmetics, coatings and rubbers, among others. These additives help the food products achieve longer shelf life and superior quality. For instance in chocolates, our additives help in achieving desired viscosity and melting point while minimising fat blooming. In plastics, our antistatic additives facilitate static charge dissipation and decrease the build up of the same on plastic products, anti-fogging agents help in maintaining the transparency of the polymer films by discouraging fogging on the surface, slip additives and processing additives aid the reduction of surface friction between plastics surfaces such as in case of plastic films, bottle caps, wires, cables and more in order to improve the processability, aesthetics and performance in end applications. In cosmetics, they bring a long term physical stability while improving the appearance and durability and in coatings they act as anti-settling agents and dispersing agents to improve the separation of particles and to prevent settling or clumping.

Solution

At Fine Organics, we have developed additives that give anti-staling and anti-fungal properties to the bread, cake and other bakery products. Our special food emulsifiers are used widely to give more crispiness, desired texture and volume to the baked products. Some of the additives help chocolates in melting at specific temperatures to ensure luxurious and silky texture experience for the consumers. Our ranges of polymer additives minimise building of static charges, to help you sit and relax on a plastic chair comfortably and manufacturing of plastic products without the risk of fire or electric shocks. Our other ranges of plastic additives help in increasing the slip effect by reducing the friction between plastic films and also help in preventing the formation of fog on plastic film surfaces. For cosmetics, we have developed products that bring consistency to the creams, gels, pastes, lotions and more. We also feature additives to help products in the fields of coatings including anti-settling agents, emulsifiers, thickening/anti-sagging agents, wetting and dispersing agents, defoamers, biocides and anti-mar waxes thereby, capable of improving the appearance and performance of the coatings.

It takes Fine **Additude** to be a leader



Integrity is both a value as well as a character that is embedded in every Fine Organics employee, manifesting itself in every thought and action, every day with everyone.

Committed to employees, we have always believed in creating and encouraging home-grown leadership with the signature Fine Organics character comprising Integrity, Trust, Fairness and strong Values.

Our employees strive to create an environment where everyone feels a sense of belongingness, respecting, valuing, supporting and recognising each other. They know this enables everyone to do their best work and positions us for growth.

As a result, we are able to offer solutions to unique and unconventional requirements of end user consumers and customers across India and globally. Our team works very closely with our customers at every stage of development and supports innovation in process and product application development.

658

Employee strength
as on March 31, 2019

>17%

Women employees

>10%

Employees completed 25
years of journey with us

>13%

Comprise 1st & 2nd
generation of employees



Board of Directors


Prakash Kamat

Executive Director and Chairman

- Holds M.Sc. Tech-Master of Science & Tech (Oils) from Institute of Chemical Technology (formerly UDCT)
- Associated with the group since inception having experience in product development, process technology and R&D


Mukesh Shah

Managing Director

- Joined in 1973; holds a Bachelor's degree in Science
- Played a key role in establishing quality control and global sales & marketing


Jayen Shah

Executive Director and CEO

- Joined in 1986; holds a Master's degree in Science
- Instrumental in creating a strong vendor-partner network, established Fine Zeelandia private limited (Joint Venture)


Tushar Shah

Executive Director and CFO

- Joined in 1989 and led several initiatives like ERP, CRM, Logistics etc.
- Key role in the development of the first slip additive facility


Bimal Shah

Executive Director

- Joined in 2009; holds a Bachelor's degree in Science from Purdue University and a Master's degree from Boston College
- Led initiatives for new projects and processes, automation of manufacturing process


Prakash Apte

Independent Director

- On the Board since Nov 2017; holds a Bachelor's degree in Mechanical Engineering
- Previously served as MD of Syngenta India


Kaushik Shah

Independent Director

- On the Board since Jan 2018; holds a Bachelor's degree in Commerce, Qualified Chartered Accountant and Company Secretary
- Previously served as MD of Fulford (India)


Mahesh Sarda

Independent Director

- On the Board since Nov 2017. Qualified Chartered Accountant and holds a Bachelor's degree in Law
- Previously served as a Partner at Deloitte Haskins & Sells


Parthasarathi Thiruvengadam

Independent Director

- On the Board since Nov 2017; holds a B.Tech degree in chemical engineering from IIT Madras and Post Graduate in Industrial Engineering and Fellow member of the Institute of Cost Accountants of India
- Previously served as a Senior Director with Deloitte India


Pratima Umarji

Independent Director

- On the Board since Nov 2017; holds a Law degree
- Current panel member of the 'Lok Adalat', Bombay High Court

Corporate Information

BOARD OF DIRECTORS

- **Mr. Prakash Damodar Kamat** Executive Director and Chairman
- **Mr. Mukesh Maganlal Shah** Managing Director
- **Mr. Jayen Ramesh Shah** Executive Director and Chief Executive Officer
- **Mr. Tushar Ramesh Shah** Executive Director and Chief Financial Officer
- **Mr. Bimal Mukesh Shah** Executive Director
- **Mr. Prakash Krishnaji Apte** Independent Director
- **Mr. Kaushik Dwarkadas Shah** Independent Director
- **Mr. Mahesh Pansukhlal Sarda** Independent Director
- **Mr. Parthasarathi Thiruvengadam** Independent Director
- **Ms. Pratima Umarji** Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

- **Mr. Mahesh Pansukhlal Sarda**, Chairman
- **Mr. Prakash Krishnaji Apte**
- **Mr. Kaushik Dwarkadas Shah**
- **Mr. Parthasarathi Thiruvengadam**
- **Mr. Jayen Ramesh Shah**
- **Mr. Tushar Ramesh Shah**

NOMINATION AND REMUNERATION COMMITTEE

- **Mr. Parthasarathi Thiruvengadam**, Chairman
- **Mrs. Pratima Madhukar Umarji**
- **Mr. Mahesh Pansukhlal Sarda**
- **Mr. Prakash Damodar Kamat**

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- **Mr. Jayen Ramesh Shah**, Chairman
- **Mr. Prakash Krishnaji Apte**
- **Mr. Kaushik Dwarkadas Shah**
- **Mr. Mukesh Maganlal Shah**
- **Mr. Tushar Ramesh Shah**

STAKEHOLDERS' RELATIONSHIP COMMITTEE

- **Ms. Pratima Umarji**, Chairman
- **Mr. Prakash Krishnaji Apte**
- **Mr. Kaushik Dwarkadas Shah**
- **Mr. Mukesh Maganlal Shah**
- **Mr. Jayen Ramesh Shah**
- **Mr. Tushar Ramesh Shah**

BANKERS

- Union Bank of India
- Citibank, N.A.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Pooja Gaonkar

AUDITORS

B Y & Associates

Chartered Accountants

REGISTERED OFFICE

Fine House, Anandji Street, Off M.G. Road,
Ghatkopar East, Mumbai - 400077, Maharashtra, India
CIN: U24119MH2002PLC136003

Tel: +91 (22) 2102 5000 | Fax: +91 (22) 2102 8899

Email: investors@fineorganics.com

Website: www.fineorganics.com

REGISTRAR & TRANSFER AGENTS

Karvy Fintech Private Limited (KFPL)

(Formerly known as KCPL Advisory Services Private Limited)

Karvy Selenium, Tower B,
Plot Number 31 & 32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500032 India
Tel: +91 (40) 6716 2222 | Fax: +91 (40) 3321 1000
Email: einward.ris@karvy.com
Website: www.karvyfintech.com

WORKS

- Additional MIDC, Ambernath (E) - 421501
- Khervai MIDC, Badlapur (E) - 421503
- Additional MIDC, Ambernath (E) - 421506
- Millennium Business Park, MIDC, Mahape, Navi Mumbai - 400710
- Phase-II MIDC, Dombivli (E) - 421204
- Phase-I MIDC, Dombivli (E) - 421203
- MIDC, Chemical Zone, Ambernath West, Thane, Maharashtra - 421501

Management Discussion and Analysis

INDIAN ECONOMY

The Indian economy registered a growth rate of 6.8% during 2018-19 as compared to 6.7% in 2017-18 as per the Central Statistical Office. The growth was supported by the robust demand in manufacturing, infrastructure and construction sectors. While the first half of the year witnessed recovery in investment as well as private consumption, it was in the later half of the year that the economic growth slowed down. Factors like global trade disputes between the US and China, rupee depreciation, oil price volatility and financial liquidity stress caused by NBFC's had an impact on the momentum. Despite these challenges, India retained its tag of fastest growing economy in the world.

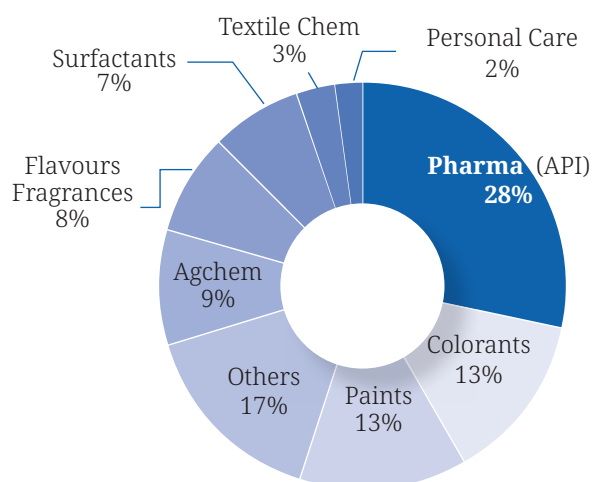
OUTLOOK

The outlook for Indian economy looks stable, as during the year, various strategies were implemented to improve the liquidity in the Indian market. Also, it is observed that India's (GDP) growth will be supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and expected impetus from fiscal policy. Further, implementation of structural reforms and easing of infrastructure bottlenecks, coupled with fiscal consolidation and quality exports are key factors that will enable India's GDP growth according to the World Bank and the International Monetary Fund (IMF) outlook analysis reports.

INDUSTRY STRUCTURE AND DEVELOPMENT

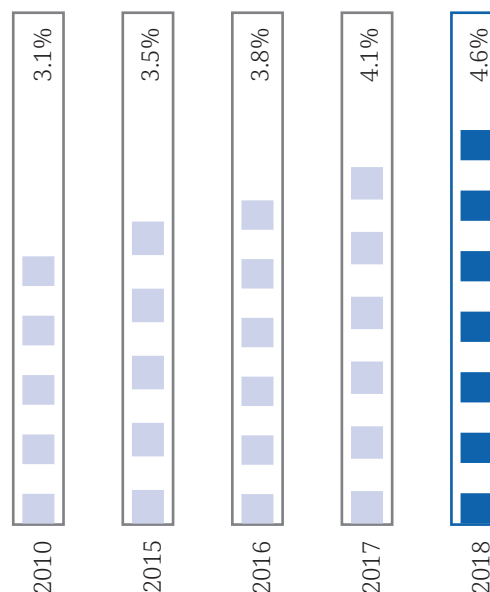
Figure 2: Specialty chemicals; 1/3 rd of India's market

India's specialty chemicals market



Source: FICCI

INDIA SHARE IN GLOBAL CHEMICALS TRADE (%)



Source: UN Comtrade

OLEO CHEMISTRY

The global basic oleochemical market size was valued at \$ 19.10 billion in 2018 and is estimated to reach \$ 25.91 billion by 2019. Oleochemicals market is anticipated to witness a CAGR of 5.8% between 2019 to 2025. The Asia-Pacific region will continue to dominate the market during the same time span. Growing demand for naturally derived products of food & beverages and from other industries are expected to be the major factors driving the oleochemicals market. The key applications markets include cosmetics and other industries & personal care, food & beverages and polymers, among others.

(source: marketsandmarkets.com, grandviewresearch.com)

INDUSTRY SEGMENTS

FOODS

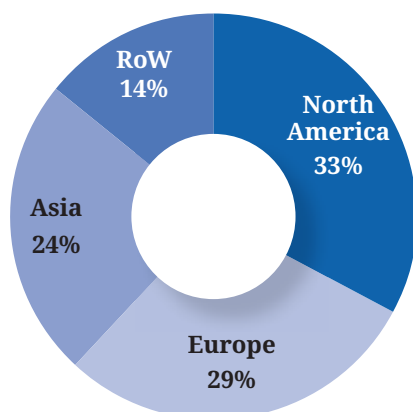
The Company produces additives such as emulsifiers, esters, preservatives and other additive blends for the food industry. These products act as additives in maintaining the quality and freshness of the food products, impart better product structure integrity and helps in increasing the shelf life of food products like Bread, Margarine &

Peanut butter etc.

GLOBAL SCENARIO

The global Food Emulsifiers market is estimated to have touched \$ 2,878 million in 2018, of which 12.7 is contributed by Soya lecithin. The market for emulsifiers from plant sources is estimated to be valued at USD 1,921.2 million in 2018. It is projected to grow at a CAGR of 5.4% to reach USD 2,495.1 million by 2023. The whole Food Emulsifier market is further expected to register a CAGR of 5.6% during FY 2019-23 and is projected to reach \$ 3.70 billion by 2023. The Asia Pacific region continues to dominate the Food Emulsifier market. Further, increasing consumer demand for premium and convenience food products due to change in the preferences of food habits, lifestyle and rising disposable income in developing economies, will propel the demand for food emulsifiers. Besides, increasing consumers for healthy food products and clean-label food ingredients will lead to increase in demand for different food emulsifiers in the markets across the world. (source: marketsandmarkets.com, techsciresearch.com, researchandmarkets.com)

Market share by region



INDIAN SCENARIO

Indian Food Emulsifiers market is expected to reach \$ 144.8 million by 2023, witnessing a CAGR of over 7.36% between 2018-23, in value terms. The market is driven by growing popularity of processed and convenience foods among the working population. Desk-bound lifestyles have not only increased the demand for packaged and convenience foods but are also raising obesity levels among consumers. This has led to a large demand for trans-fat products, which will drive the food processors to use emulsifiers and reduce the calories and fat. The food emulsifiers have their major applications in various segments such as bakery and confectionary, dairy, ice creams, biscuits, chocolates, bread, coffee creamers, soft drinks and malt beverages among others. (source: marketsandmarkets.com)

OPPORTUNITIES

- The number of end-use applications are growing due to multi-functional attributes of emulsifiers.
- The aeration property of selected emulsifiers is projected to widen its scope of application and drive the market growth.
- Demand for vegan food products is driving the plant-sourced Food Emulsifiers market.
- Changing lifestyle and increasing preferences incline customers to buy processed foods such as breads & cereals, frozen and packaged foods. This, in turn will drive the consumption volumes of processing ingredients, such as food emulsifiers in the food & beverage industry.
- A rapidly growing population and greater levels of urbanisation will boost the demand for processed food products, thereby driving the demand for food emulsifiers.
- In Asian countries, like India and China, with increasing disposable income and busy lifestyles, demand for packaged, processed and ready-to-eat food is increasing. This translates into healthy demand for food emulsifiers.
- The per capita consumption of premium quality food & beverage products is growing.

Management Discussion and Analysis

- The demand for healthier and better-for-you products is rising.
- Application in bakery products and dairy & frozen desserts is increasing.

PLASTICS

Plastics additives are chemicals added in a polymer to modify its properties, improve its strength, durability and heat sensitivity. It is also added to enhance process ability, performance or appearance of the polymer. These additives find their widespread applications in construction, packaging, automotive, consumer goods, wires & cables, PVC pipes in agriculture, among others. Our additives are also used in WPC-Wood Plastics products for home & office furniture and floorings, in medical tubing, in blood bags and disposable plastic syringes and toys.

GLOBAL SCENARIO

The global plastics additives market is expected to reach an estimated \$50 billion by 2023 with a CAGR of 4.2% from 2018 to 2023. The market is majorly characterised by increasing demand for plastics in various end-user markets and increasingly stringent safety standards for smoke and flammability. Opportunities arising from construction, packaging, consumer goods and automotive industries round the world, will further drive plastic additives demand. (source: marketwatch.com)

INDIAN SCENARIO

The Indian plastics additives market size is expected to witness a CAGR of 8-10% over 2016-21 and is estimated to reach ₹ 90,000 million by 2021. The growth is majorly driven by its end usage properties to the end products such as durability, flexibility, antioxidant potential and microbial resistance, among others. The demand for plastic additives is growing in line with increasing demand for plastics in packaging, construction and automobiles. (source: crisil)

OPPORTUNITIES

- Packaging is the largest end user for the plastics industry, accounting for more than one quarter of the total plastics usage. The rapid development of e-commerce has greatly promoted the development of the packaging industry in India.
- Replacement of conventional materials by plastics is seen in case of several applications such as automobiles and construction.

- The demand from under-penetrated Asia-Pacific region is seen rising.
- Rising demand for high performance plastics in major end-user industries like packaging, automotive, consumer appliances and construction is driving consumption of plastic additives.

COSMETICS AND PHARMACEUTICALS

GLOBAL SCENARIO

Global cosmetics market is expected to reach US\$ 429.8 billion by 2022, registering a CAGR of 4.3% during the FY 2016-2022. Changing lifestyles, rising demand of skin and sun care products due to varying climatic conditions, evolution of natural, herbal and organic beauty products are the potential enablers for the market growth. Thus, manufacturers are also using the natural ingredients or products based on natural raw materials for manufacturing the end products. (source: alliedmarketresearch.com)

INDIAN SCENARIO

Cosmetic additive demand growth in India will depend on growth prospects for end-use cosmetics sector. Cosmetics industry is anticipated to grow at 10-12% CAGR over 2016-17 to 2021-22. The industry is driven by increasing disposable income, rising awareness towards body aesthetics along with demand for herbal cosmetic products. There is a huge demand coming from youth population owing to adoption of Western culture & lifestyle and increasing number of beauty salons. Moreover, increasing per capita expenditure on personal appearance will also lead the market. (source: crisil)

OPPORTUNITIES

- The rising disposable income in urban and rural India causes young generation continue to aspire for better standard of living.
- Increase in the number of healthcare problems associated with traditional cosmetics leads to shift towards organic cosmetics containing products derived from natural raw materials.
- Products with multiple benefits such as those with anti-ageing properties, moisturizing care and suntan protection are becoming popular in the skin care cosmetics industry.

RUBBER

INDIAN SCENARIO

Demand growth for rubber additives in India will depend on the growth prospects for the end-use elastomers sector. Domestic demand is expected to grow at a CAGR of 6-7% between 2016-17 and 2021-22. Industry's major growth can be attributed to the increasing manufacturing of tyres owing to visible growth in industrial and automotive sectors. Besides, declining raw material prices and favourable Government initiatives support rubber production. With increasing investments in production facilities of rubber processing chemicals, the demand will continue to rise. (source: crisil)

OPPORTUNITIES

- Increasing demand for automobiles in India demands for more tyres, hoses, tubes and various other rubber parts leading to growth in rubber market.
- The per capita consumption of rubber in India is only 990 gm against 9 to 16 kilos in Japan, USA and Europe, which paves the way for under-penetrated market in India.

COATING ADDITIVES

INDIAN SCENARIO

Paints and coatings additives demand growth in India will depend on the growth prospects for end-use paints and coatings sector. The paints and coatings industry is expected to grow at an 8-10% CAGR between 2016-17 and 2021-22. The market is mainly driven by the growing demand from the industrial and architectural segments. Also growing inclination to green paint is a major opportunity for the market. There has been a significant rise in the construction of hotels, shopping malls, high-rise buildings, and infrastructure sector including roads, bridges. This consequently leads to increase in the demand for various coatings and their additives in the market. (source: crisil)

OPPORTUNITIES

Increasing levels of income, education and increasing urbanisation are generating opportunities and helping the paint market to grow considerably. In addition to this, usage of enamel and emulsion paints over traditional white wash, increasing penetration in the rural market will further create space for development within the industry.

CHALLENGES/THREATS

- **Slowdown in end-user industry:** Demand in the oleochemical derivatives industry depends on varied other sectors growth and the economic development. Any slowdown in these sectors' growth across regions will impact the industry's fortune.
- **Substitutes:** With the ever-changing technologies, new solutions are being developed at a rapid pace in industrial research labs and universities around the world. Apart from food industry, the oleochemicals face large competition from their peer petrochemicals.
- **Vegetable oil prices:** Domestic vegetable oil prices depend on global demand-supply dynamics as well as domestic output. Duty changes (by the Indian Government and exporting countries) can result in price fluctuations, and hence volatility in demand.

BUSINESS OVERVIEW

Established in 1970, Fine Organics is the pioneer and the largest manufacturer of oleochemical-based additives in India and a renowned player globally. It manufactures and sells over 400+ oleochemical-based additives used in the foods, plastics, cosmetics, paints, inks, coatings and other specialty applications in various industries. It is one of the six global players in the food additives industry and one of the five global players in the plastics additives industry. Currently, it has manufacturing facilities located at Ambarnath, Badlapur, and Dombivali with combined capacities of 69,300 TPA. as on March 31, 2019

Food Additives

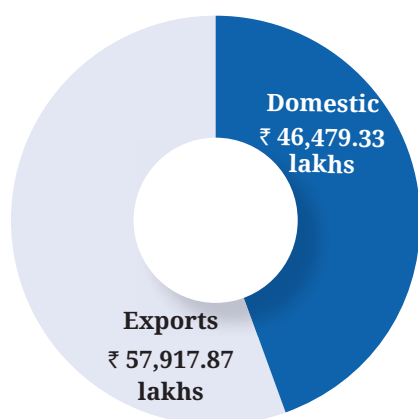
The Company manufactures various food additives such as Emulsifiers, Anti-fungal agents, and other speciality products which help food to get the desired aesthetic structure and texture along with maintaining quality and freshness.

Plastics Additives

The Company produces various additives for Polyolefins, Polyolefin Compounds and Masterbatches, Foamed Products, Rigid PVC products and Engineering Plastics such as Dispersive agents, Slip Agents, Anti-stats, Flow improvers, Lubricants, Processing Aids and Anti-fogging additives which help in reducing friction, mitigating build-up of electric charges and also help in processing high

molecular weight polymers and improve appearance of final products, improve performance at the level of end use of final products, increase production output and help to reduce its costs.

Marketwise revenue contribution (Standalone basis)



FINANCIAL HIGHLIGHTS

The Company posted a strong growth in net revenue over the past year with an increase of 21.9% from ₹ 85,628.50 lakhs in 2017-18 to ₹ 1,04,397.20 lakhs in 2018-19. Revenue from operations(net off taxes) increased due to growth in volumes and better realisation. EBIDTA of the Company recorded an increase of 35.5% from ₹ 16,397.61 lakhs in 2017-18 to ₹ 22,225.17 lakhs in 2018-19. The EBIDTA margins rose from 19.15% in 2017-18 to 21.29% in 2018-19. PAT of the Company recorded an increase of 27.31% from ₹ 10,133.50 lakhs in 2017-18 to ₹ 12,901.37 lakhs in 2018-19. The PAT margins rose from 11.83% in 2017-18 to 12.36% in 2018-19.

| | 2017-18 | 2018-19 | % change |
|--------------------|---------|---------|----------|
| Inventory Turnover | 10X | 13X | 30 |

(Net Credit Sales / Average Inventories)

| | 2017-18 | 2018-19 | % change |
|-------------------------|---------|---------|----------|
| Interest Coverage Ratio | 46.10 | 114.38 | 148.11 |

(Earnings Before Interest & Taxes / Interest expenses)

| | 2017-18 | 2018-19 | % change |
|---------------|---------|---------|----------|
| Current Ratio | 2.52X | 4.14X | 64.29 |

(Current Assets / Current Liabilities)

| | 2017-18 | 2018-19 | % change |
|-------------------|---------|---------|----------|
| Debt Equity Ratio | 0.11X | 0.05X | 54.55 |

(Net Debt / Net Worth)

RISK MANAGEMENT

Raw Material: The Company being a manufacturing firm, it is entitled to procure raw material from different vendors due to its large volume. Therefore quality, availability, disruption in supply due to constraints in sourcing (suppliers end), price fluctuations and non-renewal of contracts plays a major role. The Company's long standing relationships and long term deals with the suppliers allow availability of raw materials at competitive prices.

Quality: All our products and manufacturing processes are subject to stringent quality standards and specifications. Any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to loss of reputation and goodwill of our Company, cancellation of the order and even lead to loss of customers. Our in-house process development and management enables us to keep track of quality at each stage of the process, thereby maintaining the highest level of quality consistency.

Innovation: Becoming obsolete and ineffectiveness in knowing future developments can lead to serious failure and losses. The Company has inculcated the culture of innovation and instilled a firm belief that R&D is a key

element of growth. In line with this thinking, the Company has over the years made regular investments in R&D to expand its bouquet of product offerings and to streamline manufacturing process. This helps in meeting various needs of customers and varied industries.

Regulatory Bodies: The Government of India and the State Governments in India have broad powers to affect the Indian economy and our business in numerous ways. Any change in the existing policies of Government of India and/or State Government, or new policies affecting operations of our business, could adversely affect the supply/demand balance and competition and negatively affect our cost structure. Moreover, changes in environmental regulations could inhibit or interrupt the Company's operations, or require modifications to its facilities, which can eventually affect returns and profitability. The Company ensures to abide by all the necessary requirements of the regulatory bodies and ensures environmental-friendly manufacturing processes.

Competition: We operate in an increasingly competitive market and our results of operations and financial condition are sensitive. This may materially and adversely affect our competitive pricing and other factors. Increasing competition may result in pricing pressures and decreasing profit margins. To mitigate this risk, we develop and add new products to our basket which helps us diversify into different categories. We also are engaged in expanding geographies to add new customers.

Dependency on industry: Our Company is heavily reliant on the demand from application industries such as food, plastic etc. Any downturn in the application industries could have an adverse impact on our Company's business and results of operations. The Company caters to a host of end applications which reduces its exposure to such risk. Also, the Company caters to those industries whose demand are on the rise with the developing economy.

HUMAN RESOURCES

The Company allows its employees to evolve through their quality skills. It tries to maintain employee retention levels. Also, it conducts various programs for developing the skills of their employees. Alongside professional training, we focus on conveying our corporate values,

leadership, integrity, flexibility, efficiency and establishing a corporate culture based on trust, respect for diversity and equality of opportunity. Our responsible approach towards our employees includes fair treatment at work, flexible worktime arrangements and a pleasant working environment.

During the year, the Company had organised training programs in different areas such as team building, communication skills, presentation skills, 5S, QMS (Quality Management System). As on March 31, 2019, the Company's employee strength stood at about 658.

INTERNAL CONTROL SYSTEM

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The Audit Committee reviews reports presented by the internal auditors on a periodic basis. The committee makes note of the audit observations and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure efficiency and effectiveness of internal control systems.

CAUTIONARY STATEMENT

The Management Discussion and Analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward-looking within the meaning of applicable laws and regulations. The statements in this Management Discussion and Analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

Directors' Report

To
The Members,

Your Directors take the great pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS:

₹ in lakhs

| Particulars | Standalone | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| REVENUE & PROFITS | | | | |
| Total Revenue from Operations | 1,04,397.20 | 86,513.25 | 1,06,033.28 | 86,466.10 |
| Profit before Interest, Tax & Depreciation | 24,248.17 | 18,035.70 | 25,007.04 | 17,438.62 |
| Less : Interest & Finance Charges | 179.05 | 312.25 | 183.92 | 315.45 |
| Less : Depreciation | 1,744.84 | 2,003.92 | 1,745.37 | 2,004.41 |
| Profit for the year before Tax | 22,324.28 | 15,719.52 | 23,077.75 | 15,118.76 |
| Less : Provision for Taxation | | | | |
| - Current | 8,000.00 | 5,650.00 | 8,089.35 | 5,650.00 |
| - Deferred | 696.68 | (81.98) | 636.64 | (81.98) |
| Short (Excess) provision for earlier years | 726.23 | 18.01 | 726.23 | 18.01 |
| Net Profit/(Loss) after Tax | 12,901.37 | 10,133.50 | 13,625.53 | 9,532.74 |
| Other Comprehensive Income | (318.88) | (15.59) | (318.88) | (15.59) |
| Total Comprehensive Income | 12,582.49 | 10,117.91 | 13,306.65 | 9,517.15 |
| RETAINED EARNINGS | | | | |
| Opening Balance of Retained Earnings | 38,190.39 | 31,372.64 | 36,978.32 | 30,761.33 |
| Add: Profit for the year | 12,901.37 | 10,133.50 | 13,625.53 | 9,532.74 |
| Less: Appropriations: | | | | |
| Final Dividend | 2,146.20 | 2,299.50 | 2,146.20 | 2,299.50 |
| Corporate Dividend Tax on Dividend | 436.92 | 468.12 | 436.92 | 468.12 |
| Transferred to Other Reserve/Non Controlling Interest | - | 548.13 | 4.56 | 548.13 |
| Balance as at end of the year | 48,508.64 | 38,190.39 | 48,016.17 | 36,978.32 |

DIVIDEND:

For FY 2018-19, the Board of Directors has recommended a dividend of ₹7/- per equity share i.e. 140% of nominal value of ₹5/- each for the financial year 2018-19. If declared by the members at the ensuing Annual General Meeting ('AGM'), the total dividend outgo during FY 2019-20 would amount to ₹2,146.20 lakhs excluding dividend tax. The said dividend shall be paid to those members whose name appears in the register of beneficial owners/register of members as at the close of business hours on July 26, 2019.

TRANSFER TO RESERVES

The closing balance of the retained earnings of the Company for FY 2018-19, after all appropriation and adjustments was ₹48,508.64 lakhs.

PERFORMANCE REVIEW

During the year under review, your Company reported a top-line growth of 21.92% over the previous year. At Standalone level, the Revenue from Operations (net off taxes) amounted to ₹1,04,397.20 lakhs as against ₹85,628.50 lakhs in the previous year. The Operating

Directors' Report (Contd.)

Profit before Tax amounted to ₹22,324.28 lakhs as against ₹15,719.52 lakhs in the previous year. The Net Profit for the year amounted to ₹12,901.37 lakhs as against ₹10,133.50 lakhs reported in the previous year and total comprehensive income for the year amounted to ₹12,582.49 lakhs as against ₹10,117.91 lakhs in the previous year. The Consolidated Revenue from Operations (net off taxes) amounted to ₹1,06,033.28 lakhs as against ₹85,581.35 lakhs in the previous year, registering a growth of 23.90 %. The Consolidated Operating Profit before Tax amounted to ₹23,077.75 lakhs as against ₹15,118.76 lakhs in the previous year. The Consolidated Net Profit after Tax amounted to ₹13,625.53 lakhs as against ₹9,532.74 lakhs in previous year and Consolidated Total Comprehensive Income for the year amounted to ₹13,306.65 lakhs against ₹9,517.15 lakhs in previous year.

SHARE CAPITAL AND INITIAL PUBLIC OFFERING

During the year, there was no change in the share capital of the Company. The Paid up share capital of the Company as on March 31, 2019 is ₹1,533.00/- lakhs divided into 3,06,59,976 equity shares of ₹5/- each. Pursuant to Initial Public Offer by way of an offer for sale, the Equity shares of the Company have been listed on BSE Ltd. ('BSE') and National Stock Exchange of India Limited ('NSE') with effect from July 2, 2018.

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURE

As on March 31, 2019, the Company has two subsidiaries i.e. Fine Organics USA Inc. and Fine Organics Europe BVBA and two joint venture companies i.e. Fine Zeelandia Private Limited and FineADD Ingredients GmbH. Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries and joint ventures in Form AOC-1 is attached to the financial statements of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries and associates for FY 2018-19 are prepared in compliance with the applicable provisions of the Act and as stipulated under Regulation 33 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 'Listing Regulations' as well as in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015. The audited consolidated financial statements together with the Auditor's Report thereon form part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors of the Company comprises 5 (five) Executive Directors and 5 (five) Non – Executive - Independent Directors including one woman Director. During the period under review, there has been no change in the Board of Directors. Key Managerial Personnel of the

Directors' Report (Contd.)

Company as on March 31, 2019 are as follows:

| | |
|---------------|---|
| Prakash Kamat | - Chairman and Whole Time Director |
| Mukesh Shah | - Managing Director |
| Jayen Shah | - Whole Time Director and Chief Executive Officer |
| Tushar Shah | - Whole Time Director and Chief Financial Officer |
| Bimal Shah | - Whole Time Director |
| Pooja Gaonkar | - Company Secretary |

Retire by rotation

Mr. Jayen Shah retires by rotation and being eligible offers himself for re-appointment.

Declarations by Independent Directors

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed there under and Regulation 16(1)(b) of the Listing Regulations.

Board Meeting

Five meetings of the Board were held during the year under review. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report forming part of the Annual Report.

COMMITTEES OF THE BOARD

In order to strengthen its functioning, the Board of Directors has constituted the following Committees as per the requirement of the Companies Act, 2013 and the Listing Regulations:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

Details of the Committees along with their charter, composition and meetings held during the year, are provided in the Corporate Governance Report which forms part of this Annual Report.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD

Pursuant to the provisions of the Companies Act, 2013 and

Rules made there under read with the Listing Regulations, the evaluation of Directors, Committees and Board as a whole was carried out on the basis of various criteria as recommended by the Nomination and Remuneration Committee of the Company ('NRC').

The NRC committee carried out the evaluation of the Board, its committees and each of the Directors after seeking inputs from all directors on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

In a separate meeting of independent directors, performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated by the Independent Directors.

The NRC reviewed the performance of the Board, its Committees and of the Directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors and NRC, at which the feedback received from the Directors on the performance of the Board and its Committees, was also discussed.

NOMINATION REMUNERATION POLICY

The Company has in place a Nomination Remuneration Policy for the Directors, KMP and other employees pursuant to the provisions of the Act and the Listing Regulations which is available on website of the Company i.e. <https://www.fineorganics.com/investor-relations/corporate-governance/policies>.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards, safeguarding of its assets, prevention and detection of errors and frauds. The Company uses an established ERP system to record day to day transactions for accounting and financial reporting. The details of internal control system are given in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Directors' Report (Contd.)

AUDITORS

I. Statutory Auditors

M/s. B Y & Associates, Chartered Accountants, Mumbai (Firm Registration No. 123423W) were appointed as the statutory auditors of the Company to hold office for a term of 5 years from the conclusion of the 15th Annual General Meeting held on July 10, 2017 until the conclusion of the 20th Annual General Meeting of the Company to be held in the year 2022. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company. Further, the report of the Statutory Auditors along with notes to schedules is a part of the Annual Report.

The Auditors Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark.

II. Cost Auditors:

M/s Y. R. Doshi & Associates, Cost Accountants in practice were appointed as the Cost Auditors of the Company to audit the cost records for the Financial Year 2019-20. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the shareholders. Accordingly, a resolution seeking ratification by the members for the remuneration is listed as Item No. 4 of the AGM Notice as Ordinary Resolution.

III. Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s KS & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for Financial year 2019-20. Further the Report of the Secretarial Auditor for the Financial Year 2018-19 is appended as **"Annexure A"** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 "OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT"

Pursuant to provisions of Section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the Company's business and functions are systematically addressed through mitigating actions on a continuing basis.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particular of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, form part of the notes to the Standalone Financial Statements provided in this Annual Report.

RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **"Annexure B"** in Form No. AOC-2 and the same forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has constituted Corporate Social Responsibility Committee (CSR Committee) consisting of members viz. Mr. Jayen Shah (Chairman), Mr. Mukesh Shah, Mr. Tushar Shah, Mr. Kaushik Shah, Mr. Prakash Apte. The Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company is available at <https://www.fineorganics.com/investor-relations/corporate-governance/policies>.

Report on Corporate Social Responsibility as Per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is prepared and the same is enclosed as **"Annexure – C"** to this Report.

Directors' Report (Contd.)

EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2018-19 is given in **"Annexure D"** in the prescribed Form No. MGT-9, which is a part of this report. The same is available on <https://www.fineorganics.com/investor-relations>.

PARTICULARS OF EMPLOYEES & MANAGERIAL REMUNERATION:

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **"Annexure E"** to this report.

The statement containing particulars of employees as required under section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by members at the Registered office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

CORPORATE GOVERNANCE

In compliance with Regulation 34 and other applicable provisions of the Listing Regulations, a separate report on Corporate Governance along with the Certificate of compliance from the Secretarial Auditor forms an integral part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, pursuant to Regulation 34 of the Listing Regulations, is presented in a separate section forming an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report pursuant to Regulation 34 (2) (f) of Listing Regulations is presented in a separate

section forming an integral part of this Annual Report.

DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of Listing Regulations, it is mandatory for the top 500 listed entities, based on market capitalisation, as on 31 March of every financial year to formulate a Dividend Distribution Policy ('Policy') and disclose the same in the Annual Report and on the website of the Company. Accordingly, the Board of Directors of the Company has adopted the Policy which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders. The Policy is available on the Company's website under the 'Investors' section at <https://www.fineorganics.com/investor-relations/corporate-governance/policies>.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

In accordance with the provisions of Section 177(9) of the Companies Act, 2013 and requirements of Regulation 22 of the Listing Regulations, your Company has a vigil mechanism which has been incorporated in the Whistle Blower Policy for Directors and Employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of code of prevention of Insider Trading. The Whistle Blower Policy is uploaded on the website of your Company at <https://www.fineorganics.com/investor-relations/corporate-governance/policies>.

PREVENTION OF SEXUAL HARASSMENT

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted prevention of Sexual Harassment Policy, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2018-19.

Directors' Report (Contd.)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in “Annexure F” to this report.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on the following items during the year under review:

1. Deposits covered under Chapter V of the Act;
2. Material changes and/ or commitments that could affect the Company's financial position, which have occurred between the end of the financial year of the Company and the date of this report;

3. Significant or material orders passed by the Regulators or Courts or Tribunals, which would impact the going concern status and Company's operations in future;
4. Non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014;
5. Receipt of any remuneration or commission from any of its subsidiary companies by the Managing Director or the Whole-time Directors of the Company

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for continued support and cooperation by the customers, shareholders, suppliers, investors, bankers, business partners/associates, financial institutions and regulatory bodies and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation to the hard work and dedicated efforts put in by the employees of the Company.

For and On Behalf of the Board

Mumbai, May 27, 2019

Prakash Kamat
Executive Chairman

Annexure A

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Fine Organic Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fine Organic Industries Limited**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the Company's books, papers, minute books, forms and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31, 2019, draft Director's Report for the financial year ended March 31, 2019 and other records maintained by the Company and also the information provided by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents and authorized representatives as well as the Management Representations and Management Certifications made by the Company during the conduct of secretarial audit, we hereby report that in our opinion & as per our understanding & belief, the company has, during the audit period covering the financial year ended on March 31, 2019 generally complied with the statutory provisions as mentioned hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31, 2019, draft Director's Report for the financial year ended March 31, 2019 and other records maintained by the Company and also the information provided by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents and authorized representatives as well as the Management Representations and Management

Certifications made by the Company during the conduct of secretarial audit, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder, wherever applicable for the referred financial year;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, wherever applicable for the referred financial year;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, wherever applicable for the referred financial year;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable for the referred financial year;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), wherever applicable for the referred financial year:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever applicable for the referred financial year;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, wherever applicable for the referred financial year;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, wherever applicable for the referred financial year;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, wherever applicable for the referred financial year;

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, wherever applicable for the referred financial year;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, wherever applicable for the referred financial year;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, wherever applicable for the referred financial year;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, wherever applicable for the referred financial year;
- (vi) We have relied on the representation made by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents & authorized representatives, Management's Representation and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31, 2019, Director's Report for the financial year ended March 31, 2019, for systems and mechanism put in place by the Company for Compliances under various other applicable Acts, Laws and Regulations to the Company & We have also examined compliance with the applicable clauses of the following:
- Secretarial Standards with respect to Board and General Meetings issued by the Institute of Company Secretaries of India.
 - We have also examined compliance with the applicable clauses of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Limited, wherever applicable for the referred financial year;
 - During the period under review and as per the explanations and clarifications given to us and the representation made by the Management, the Company has generally complied with

the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. The Company has an amount of Rs. 446.60 lakhs to be spent on Corporate Social Responsibility (CSR) as on March 31, 2019 which is a sum total of amount to be spent for previous FY and provision made for current FY 2018-19 amounting to Rs. 263.10 lakhs towards CSR expenses. During FY 2018-19, the Company has disbursed the amount of Rs. 33.00 lakhs towards CSR projects of the Company and the Company has committed an amount of Rs. 250.26 lakhs towards identified CSR projects as on date of this report.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors & Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decisions are carried through unanimously.

We further report that as per explanations & informations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- In the board meeting dated May 18, 2018, the board approved obtaining of ECB upto 18.75 million USD & additional working capital facility of 30 crores from Citi bank NA, apart from to existing ones. The board also approved

updated DRHP.

- The Company got listed on the NSE & the BSE Ltd. on July 2, 2018.
- In the board meeting dated August 13, 2018, the Board approved recommendation of dividend of ₹7 per equity share of ₹5 each.
- In the board meeting dated November 2, 2018, the board approved investment in its joint venture company named Fine Zeelandia Pvt Ltd. The board also adapted new code for Prevention of Insider Trading.
- In the board meeting dated February 8, 2019, the board conducted a familiarization programme on new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In the board meeting dated March 25, 2019, the board reviewed all the policies & adapted

revised terms of reference for Audit Committee, Stakeholders' Relationship committee & Nomination & Remuneration Committee as per new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- In the Annual General Meeting dated September 25, 2018, the Company has obtained Shareholders approval for declaration of 140% dividend viz. dividend of ₹7 per equity share of ₹5 each.

For **KS & Associates,**
Company Secretaries

Kartik Shah
C.P. No. 5163
Membership No. 5732

Mumbai, May 27, 2019

Note : This report is to be read with our letter which is annexed as 'Annexure A' and forms an integral part of this report.

Annexure 'A' to the Secretarial Audit Report

To,
The Members,
Fine Organic Industries Limited

Our secretarial audit report is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is

the responsibility of management. Our examination was limited to the verification of procedure on test basis and Management Representations, certificate received from the Authorised Officers of the Company & other documents received for applicability of relevant acts as well as viewing of the following registrations under:

- Maharashtra Pollution Control Board
- The Environment (Protection) Act
- Water (Prevention & Control of Pollution) Act
- Air (Prevention & Control of Pollution) Act

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KS & Associates**,
Company Secretaries

Kartik Shah
C.P. No. 5163
Membership No. 5732

Mumbai, May 27, 2019

Annexure B

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

| | |
|-----|---|
| (a) | Name of the related party and nature of relationship |
| (b) | Nature of contracts / arrangements / transaction |
| (c) | Duration of the Contracts / Arrangements / Transactions |
| (d) | Salient terms of the contracts or arrangement or transactions including the value, if any |
| (e) | Justification for entering into such contracts / arrangements / transactions |
| (f) | Date(s) of approval by the Board |
| (g) | Amount paid as advances, if any |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 |

2. Details of material contracts or arrangement or transactions at arm's length basis - NIL

| | |
|-----|---|
| (a) | Name(s) of the Related Party & Nature of relationship |
| (b) | Nature of contracts / arrangements / transaction |
| (c) | Duration of the Contracts / Arrangements / Transactions |
| (d) | Salient terms of the contracts or arrangement or transactions including the value, if any |
| (e) | Date(s) of approval by the Board, if any |
| (f) | Amount paid as advances, if any |

For and On Behalf of the Board

Prakash Kamat
Executive Chairman

Mumbai, May 27, 2019

Annexure C

Annual Report on CSR activities

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY

Your Company has developed a CSR framework in line with Section 135 of the Companies Act, 2013 read with Schedule VII thereto which focuses on Education, Health, Livelihood, Women Empowerment and Rural Development. It partners with NGOs and social service institutions in delivering projects that leave maximum impact in the lives of the people affected. The web link to the CSR Policy is <https://www.fineorganics.com/investor-relations/corporate-governance/policies>.

2. COMPOSITION OF THE CSR COMMITTEE:

| Sr. No. | Name of the Member | Designation | Nature of Membership |
|---------|----------------------------|----------------------|----------------------|
| 1. | Mr. Jayen Ramesh Shah | Executive Director | Chairman |
| 2. | Mr. Prakash Krishnaji Apte | Independent Director | Member |
| 3. | Mr. Kaushik Dwarkadas Shah | Independent Director | Member |
| 4. | Mr. Mukesh Maganlal Shah | Managing Director | Member |
| 5. | Mr. Tushar Ramesh Shah | Executive Director | Member |

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS (i.e. FY 2015-16, 2016-17 AND 2017-18) : ₹13,154.88 lakhs

4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE): ₹263.10 lakhs

5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR 2018-19:

| Sr. No. | Particulars | Amount (₹) |
|---------|---|---|
| A | Total amount to be spent for the financial year 2018-19 | ₹263.10 lakhs |
| B | Amount spent / committed | <p>The Company has disbursed an aggregate amount of ₹33 lakhs during the year 2018-19 towards CSR projects the details of which are given below at point no. D(i).</p> <p>Further, as on the date of this report the Company has committed an amount of ₹250.26 lakhs towards the projects mentioned at point no. D(ii). Out of the said amount, the Company has already disbursed an amount of ₹27.26 lakhs towards the identified projects.</p> |
| C | Amount unspent as on March 31, 2019 | <p>₹446.60 lakhs</p> <p>Note:</p> <ol style="list-style-type: none"> As an organisation, it takes us time, to identify right projects which are more sustainable in nature and can create more impact. The Company has identified several projects which are under implementation. These projects have a implementation period of around two to three years and therefore the amount to be spent/ disbursed including the amount of FY. 2017-18 is ₹446.60 lakhs. As on the date of this report, amount of ₹250.26 lakhs has already been committed for CSR activities of the Company and ₹27.26 lakhs been disbursed. |

D i) Manner in which the amount spent during the financial year 2018-19 is detailed below

| Sr. no | CSR Project or Activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other 2) Specify the State and district where projects or programs were undertaken | Amount Outlay (budget) project or program wise (₹ in Lakhs) | Amount Spent during reporting period | | Amount spent: direct or through implementing agency |
|--|---|---|---|---|--|---|---|
| | | | | | Amount spent on the projects or program (₹ in Lakhs) | Cumulative expenditure upto the reporting period (₹ in Lakhs) | |
| 1 | Health & Education Parivaar Education Society | Eradicating extreme hunger and poverty and promotion of education | Kharadi, Madhya Pradesh | 25.00 | 25.00 | 25.00 | Through implementing agency |
| 2 | Education- Vicharta Samuday Samarthan Manch | Promotion of education, to the Scheduled Tribes, other backward classes | Ahmedabad, Gujarat | 8.00 | 8.00 | 8.00 | Through implementing agency |
| Total CSR Spent during the year 2018-19 | | | | 33.00 | 33.00 | 33.00 | |

ii) Manner in which the amount spent / committed as on the date of this report are as follows;

| Sr. no | CSR Project or Activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other 2) Specify the State and district where projects or programs were undertaken | Amount Outlay (budget) project or program wise (₹ in Lakhs) | Amount Spent as on date of this report | | Amount spent: direct or through implementing agency |
|--------|---|---|---|---|--|--|---|
| | | | | | Amount spent on the projects or program (₹ in Lakhs) | Cumulative expenditure upto the date of this report (₹ in Lakhs) | |
| 1 | Education - Round Table India, Trust | Promoting education | Kottayam, Kerala | 15.26 | 15.26 | 15.26 | Through implementing agency |
| 2 | Livelihood Enhancement - Aavishkar Society for Development of Mentally Handicapped | Promoting education, including special education and employment enhancing vocational skills | Ratnagiri, Maharashtra | 50.00 | 12.00 | 12.00 | Through implementing agency |
| 3 | Education Institute of Chemical Technology, Mumbai | Promoting education | Mumbai, Maharashtra | 70.00 | - | - | Direct |

| Sr. no | CSR Project or Activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other 2) Specify the State and district where projects or programs were undertaken | Amount Outlay (budget) project or program wise (₹ in Lakhs) | Amount Spent as on date of this report | | Amount spent: direct or through implementing agency |
|--|---|--|---|---|--|--|---|
| | | | | | Amount spent on the projects or program (₹ in Lakhs) | Cumulative expenditure upto the date of this report (₹ in Lakhs) | |
| 4 | Livelihood Enhancement - Bhagini Nivedita Gramin Vidnyan Niketan | Promoting gender equality and empowering women | Dhule, Maharashtra | 35.00 | - | - | Through implementing agency |
| 5 | Education Sarvodaya Parivaar Trust | Promoting education | Dharampur, Gujarat | 35.00 | - | - | Through implementing agency |
| 6 | Health - ARCH (Action Research in Community Health and Development) | Rural Health development | Dharampur, Gujarat | 10.00 | - | - | Through implementing agency |
| 7 | Health - Samaritan Help Mission | Promoting Health | Kolkata, West Bengal | 20.00 | - | - | Through implementing agency |
| 8 | Health - MAHAN Trust | Promoting Healthcare | Dharni Melghat, Maharashtra | 15.00 | - | - | Through implementing agency |
| Amount spent / committed as on the date of this report. | | | | 250.26 | 27.26 | 27.26 | |

6. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

During the year under review, the company, while continuing to support its ongoing projects, has associated itself with few new projects and intends to expand its CSR initiatives in a systematic manner to create meaningful contributions in the development of weaker sections of the Society.

The Company has identified several projects which are under implementation. These projects have a implementation period of around two to three years and the amount committed would be spent/dispensed during this period. The Company has laid out a clear road map for achieving the desired results enunciated in its CSR policy and is confident of meeting the statutory requirement.

As an Organisation, it takes us time, to identify right projects which are more sustainable in nature and can create more impact. Further while implementing the CSR projects, the Company faces some challenges at various stages of implementation like need assessment survey, due diligence of implementing agencies, conceptualisation of project design and receiving necessary approvals from the Government / local legislation etc. However, we are still pursuing those projects and will implement them. The Company is committed to spend the entire amount towards CSR activities and make an impact towards development of the weak and underprivileged section of the Society.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

We, hereby confirm that the implementation and monitoring of CSR Policy, are in compliance with CSR objectives and Policy of the Company.

For and On Behalf of the Board

Jayen Shah
Chairman of CSR Committee

Mukesh Shah
Managing Director
(Member of CSR Committee)

Mumbai, May 27, 2019

Annexure D

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL PERIOD ENDED ON MARCH 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|--|
| i. | CIN | U24119MH2002PLC136003 |
| ii. | Registration Date | May 24, 2002 |
| iii. | Name of the Company | Fine Organic Industries Limited |
| iv. | Category Sub-Category of the Company | Public Company Limited By Shares, Indian Non Govt Company |
| v. | Address of the Registered office and contact details | Fine House, Anandji Street, M.G. Road, Ghatkopar East, Mumbai - 400 077 Tel :+91(22) 21025000 Fax: +91 (22) 21028899/21026666 |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact Details of Registrar and Transfer Agent, if any | Karvy Fintech Private Limited (Formerly known as KCPL Advisory Services Private Limited) Karvy Selenium Tower - B, Plot Number 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 India Tel: +91 40 6716 2222 / 3321 1000 Email: einward.ris@karvy.com Website: www.karvyfintech.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Manufacture Of Organic And Inorganic Chemical Compounds n.e.c. | 20119 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|---------------------------------|-----------------------|----------------------------------|------------------|--------------------|
| 1. | Fine Organics (USA) INC | - | Subsidiary | 100% | Sec 2(87) |
| 2. | Fine Zeelandia Private Limited | U74900MH2014PTC259832 | Joint Venture | 50% | Sec 2(6) |
| 3. | Fine Organics Europe BVBA | - | Subsidiary | 99.46% | Sec 2(87) |
| 4. | FineADD Ingredients GmbH | - | Joint Venture | 50% | Sec 2(6) |

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| | Category of Shareholders | No. of Shares held at the beginning of the year (As on April 1, 2018) | | | | No. of Shares held at the end of the year (As on March 31, 2019) | | | | % Change during The year |
|---|--------------------------|--|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter & Promoter Group | | | | | | | | | | |
| 1) Indian | | | | | | | | | | |
| a) Individual/ HUF | | 3,05,37,078 | - | 3,05,37,078 | 99.60 | 2,28,72,084 | - | 2,28,72,084 | 74.60 | (25) |
| b) Central Government / State Government(s) | | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp | | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | | - | - | - | - | - | - | - | - | - |
| e) Any Other | | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | | 3,05,37,078 | - | 3,05,37,078 | 99.60 | 2,28,72,084 | - | 2,28,72,084 | 74.60 | (25) |
| 2) Foreign | | | | | | | | | | |
| a) NRIs-Individuals | | 1,22,898 | - | 1,22,898 | 0.40 | 1,22,898 | - | 1,22,898 | 0.40 | - |
| b) Other-Individuals | | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | | - | - | - | - | - | - | - | - | - |
| e) Any Other | | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | | 1,22,898 | - | 1,22,898 | 0.40 | 1,22,898 | - | 1,22,898 | 0.40 | - |
| Total Shareholding of Promoter and Promoter Group (A) (1)+(A)(2) | | 3,06,59,976 | - | 3,06,59,976 | 100 | 2,29,94,982 | - | 2,29,94,982 | 75.00 | (25) |
| B. Public / other than Promoter Shareholding | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | |
| a) Mutual Funds /UTI | | - | - | - | - | 43,99,470 | - | 43,99,470 | 14.35 | 14.35 |
| b) Financial Institutions /Banks | | - | - | - | - | 4,571 | - | 4,571 | 0.01 | 0.01 |
| c) Central Government / State Government(s) | | - | - | - | - | - | - | - | - | - |
| d) Venture Capital Funds | | - | - | - | - | - | - | - | - | - |
| e) Insurance Companies | | - | - | - | - | - | - | - | - | - |
| f) Foreign Institutional Investors | | - | - | - | - | 16,93,079 | - | 16,93,079 | 5.52 | 5.52 |
| g) Foreign Venture Capital Funds | | - | - | - | - | - | - | - | - | - |
| h) Others (specify) | | - | - | - | - | - | - | - | - | - |
| i) Alternate Investment Funds | | - | - | - | - | 4,60,062 | - | 4,60,062 | 1.50 | 1.50 |
| Sub-total(B)(1) | | - | - | - | - | 65,57,182 | - | 65,57,182 | 21.39 | 21.39 |

| | Category of Shareholders | No. of Shares held at the beginning of the year (As on April 1, 2018) | | | | No. of Shares held at the end of the year (As on March 31, 2019) | | | | % Change during The year |
|---|---|--|----------|--------------------|-------------------|---|-----------|--------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2 | Non Institutions | | | | | | | | | |
| a) | BodiesCorporate (i) Indian (ii) Overseas | - | - | - | - | 3,68,682 | - | 3,68,682 | 1.20 | 1.20 |
| b) | Individuals (Non Promoter) | | | | | | | | | |
| | (i) Individual shareholders holding nominal share capital up to ₹1 lakh | - | - | - | - | 7,14,127 | 19 | 7,14,146 | 2.33 | 2.33 |
| b) | (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | - | - | - | - | - | - | - | - | - |
| c) | Others(Specify) | | | | | | | | | |
| | Clearing Members | - | - | - | - | 2,079 | - | 2,079 | 0.01 | 0.01 |
| | NBFCs Registered with RBI | - | - | - | - | 2,000 | - | 2,000 | 0.01 | 0.01 |
| | TRUSTS | - | - | - | - | 50 | - | 50 | 0.00 | 0.00 |
| | NON RESIDENT INDIANS | | | | | 11,907 | - | 11,907 | 0.04 | 0.04 |
| | NRI NON-REPATRIATION | - | - | - | - | 8,948 | - | 8,948 | 0.03 | 0.03 |
| Sub-total(B)(2) | | - | - | - | - | 11,07,793 | 19 | 11,07,812 | 3.61 | 3.61 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | - | - | - | - | | | | | |
| C | Shares held by Custodian for GDR & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | | 3,06,59,976 | - | 3,06,59,976 | 100 | 3,06,59,957 | 19 | 3,06,59,976 | 100 | NIL |

ii. Shareholding of Promoters/ Promoters Group

| Sr. No. | Shareholder's Name | Category | Shareholding at the beginning of the year (As on April 1, 2018) | | | Shareholding at the end of the year (As on March 31, 2019) | | | % change in share holding during the year |
|---------|--|----------------|--|----------------------------------|--|---|----------------------------------|--|---|
| | | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1. | Prakash Damodar Kamat | Promoter | 59,82,840 | 19.51 | - | 44,52,835 | 14.52 | - | (4.99) |
| 2. | Jyotsna Ramesh Shah | Promoter | 58,70,862 | 19.15 | - | 43,25,886 | 14.11 | - | (5.04) |
| 3. | Tushar Ramesh Shah Jointly With Bina Tushar Shah | Promoter | 52,29,186 | 17.06 | - | 36,99,182 | 12.07 | - | (4.99) |
| 4. | Jayen Ramesh Shah Jointly With Neeta Jayen Shah | Promoter | 49,53,630 | 16.16 | - | 34,23,627 | 11.17 | - | (4.99) |
| 5. | Bimal Mukesh Shah Jointly With Mukesh Maganlal Shah | Promoter | 28,22,436 | 9.20 | - | 21,16,827 | 6.90 | - | (2.30) |
| 6. | Mukesh Maganlal Shah Jointly With Jayshree Mukesh Shah | Promoter | 25,88,442 | 8.44 | - | 17,64,045 | 5.75 | - | (2.69) |
| 7. | Neeta Jayen Shah Jointly With Jayen Ramesh Shah | Promoter Group | 6,59,892 | 2.15 | - | 6,59,892 | 2.15 | - | - |
| 8. | Bina Tushar Shah Jointly With Tushar Ramesh Shah | Promoter Group | 5,74,380 | 1.87 | - | 5,74,380 | 1.87 | - | - |
| 9. | Jayshree Mukesh Shah Jointly With Mukesh Maganlal Shah | Promoter Group | 5,68,572 | 1.85 | - | 5,68,572 | 1.85 | - | - |
| 10. | Jayen Ramesh Shah (Karta of R M Shah - HUF) | Promoter Group | 3,09,042 | 1.01 | - | 3,09,042 | 1.01 | - | - |
| 11. | Jayen Ramesh Shah (Karta of Jayen R Shah - HUF) | Promoter Group | 3,06,978 | 1.00 | - | 3,06,978 | 1.00 | - | - |
| 12. | Mukesh Maganlal Shah (Karta of M M Shah - HUF) | Promoter Group | 1,40,574 | 0.46 | - | 1,40,574 | 0.46 | - | - |
| 13. | P D Kamat (Karta of P D Kamat - HUF) | Promoter Group | 1,37,178 | 0.45 | - | 1,37,178 | 0.45 | - | - |

| Sr. No. | Shareholder's Name | Category | Shareholding at the beginning of the year (As on April 1, 2018) | | | Shareholding at the end of the year (As on March 31, 2019) | | | % change in share holding during the year |
|--------------|--|----------------|--|----------------------------------|--|---|----------------------------------|--|---|
| | | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 14. | Shaili Nirav Doshi | Promoter Group | 1,22,898 | 0.40 | - | 1,22,898 | 0.40 | - | - |
| 15. | Rhea Tushar Shah Jointly With Tushar Ramesh Shah | Promoter Group | 1,06,614 | 0.35 | - | 1,06,614 | 0.35 | - | - |
| 16. | Esha Tushar Shah | Promoter Group | 1,06,620 | 0.35 | - | 1,06,620 | 0.35 | - | - |
| 17. | Manali Bhayani Jointly With Jayen Ramesh Shah | Promoter Group | 76,614 | 0.25 | - | 76,614 | 0.25 | - | - |
| 18. | Tushar R Shah (Karta of Tushar R Shah - HUF) | Promoter Group | 1,03,218 | 0.34 | - | 1,03,218 | 0.34 | - | - |
| Total | | | 3,06,59,976 | 100 | - | 2,29,94,982 | 75.00 | | (25) |

iii. Change in Promoters' Shareholding:

| Sr. No | Name of the Shareholders | Shareholding at the beginning of the year (As on April 1, 2018) | | Date DD/MM/YYYY | Reason | Increase / Decrease in Shareholding | Cumulative Shareholding during the year (As on March 31, 2019) | |
|--------|--|---|----------------------------------|-----------------|---------------------------|-------------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | No. of shares | No. of shares | % of total shares of the Company |
| 1 | Prakash Damodar Kamat | 59,82,840 | 19.51 | 28/06/2018 | Transfer (Offer for Sale) | (15,30,005) | 44,52,835 | 14.52 |
| 2 | Jyotsna Ramesh Shah | 58,70,862 | 19.15 | 28/06/2018 | Transfer (Offer for Sale) | (15,44,976) | 43,25,886 | 14.11 |
| 3 | Tushar Ramesh Shah Jointly With Bina Tushar Shah | 52,29,186 | 17.06 | 28/06/2018 | Transfer (Offer for Sale) | (15,30,004) | 36,99,182 | 12.07 |
| 4 | Jayen Ramesh Shah Jointly With Neeta Jayen Shah | 49,53,630 | 16.16 | 28/06/2018 | Transfer (Offer for Sale) | (15,30,003) | 34,23,627 | 11.17 |
| 5 | Bimal Mukesh Shah Jointly With Mukesh Maganlal Shah | 28,22,436 | 9.21 | 28/06/2018 | Transfer (Offer for Sale) | (7,05,609) | 21,16,827 | 6.90 |
| 6 | Mukesh Maganlal Shah Jointly With Jayshree Mukesh Shah | 25,88,442 | 8.44 | 28/06/2018 | Transfer (Offer for Sale) | (8,24,397) | 17,64,045 | 5.75 |

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, and Holders of GDR and ADR)

| Sr. No | Name of the Shareholders | Shareholding at the beginning of the year (As on April 1, 2018) | | Date DD/MM/YYYY | Reason | Increase / Decrease in Shareholding | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|-----------------|----------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | No. of shares | No. of shares | % of total shares of the Company |
| 1 | SBI MAGNUM MULTICAP FUND | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 4,18,166 | 4,18,166 | 1.36 |
| | | | | 06/07/2018 | Purchase | 11,19,393 | 15,37,559 | 5.01 |
| | | | | 13/07/2018 | Purchase | 87,445 | 16,25,004 | 5.30 |
| | | | | 20/07/2018 | Purchase | 39,934 | 16,64,938 | 5.43 |
| | | | | 27/07/2018 | Purchase | 2,322 | 16,67,260 | 5.44 |
| | | | | 03/08/2018 | Purchase | 4,809 | 16,72,069 | 5.45 |
| | | | | 10/08/2018 | Purchase | 1,024 | 16,73,093 | 5.46 |
| | | | | 17/08/2018 | Purchase | 8,045 | 16,81,138 | 5.48 |
| | | | | 31/08/2018 | Purchase | 1,7013 | 16,98,151 | 5.54 |
| | | | | 19/10/2018 | Sale | (34,600) | 16,63,551 | 5.43 |
| | | | | 23/11/2018 | Purchase | 1,826 | 16,65,377 | 5.43 |
| | | | | 30/11/2018 | Purchase | 1,674 | 16,67,051 | 5.44 |
| | | | | 07/12/2018 | Sale | (1,768) | 16,65,283 | 5.43 |
| | | | | 28/12/2018 | Sale | (2,768) | 16,62,515 | 5.42 |
| | | | | 15/03/2019 | Purchase | 1,15,749 | 17,78,264 | 5.80 |
| | At the end of the year March 31, 2019 | | | | | | 17,78,264 | 5.80 |
| 2 | IDFC EQUITY OPPORTUNITIES FUND - SERIES 5 | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 4,36,985 | 4,36,985 | 1.43 |
| | | | | 06/07/2018 | Purchase | 6,91,379 | 11,28,364 | 3.68 |
| | | | | 13/07/2018 | Purchase | 30,000 | 11,58,364 | 3.78 |
| | | | | 20/07/2018 | Purchase | 20,000 | 11,78,364 | 3.84 |
| | | | | 27/07/2018 | Purchase | 30,284 | 12,08,648 | 3.94 |
| | | | | 10/08/2018 | Purchase | 8,125 | 12,16,773 | 3.97 |
| | | | | 10/08/2018 | Sale | (8,930) | 12,07,843 | 3.94 |
| | | | | 17/08/2018 | Purchase | 5,967 | 12,13,810 | 3.96 |
| | | | | 24/08/2018 | Purchase | 10,000 | 12,23,810 | 3.99 |
| | | | | 07/09/2018 | Sale | (4,021) | 12,19,789 | 3.98 |
| | | | | 14/09/2018 | Purchase | 1,110 | 12,20,899 | 3.98 |
| | | | | 21/09/2018 | Purchase | 7,010 | 12,27,909 | 4.00 |

| Sr. No | Name of the Shareholders | Shareholding at the beginning of the year (As on April 1, 2018) | | Date DD/MM/YYYY | Reason | Increase / Decrease in Shareholding | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|-----------------|----------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | No. of shares | No. of shares | % of total shares of the Company |
| | | | | 28/09/2018 | Purchase | 36,887 | 12,64,796 | 4.13 |
| | | | | 05/10/2018 | Purchase | 5,530 | 12,70,326 | 4.14 |
| | | | | 12/10/2018 | Purchase | 4,147 | 12,74,473 | 4.16 |
| | | | | 19/10/2018 | Sale | (5,848) | 12,68,625 | 4.14 |
| | | | | 02/11/2018 | Purchase | 24,071 | 12,92,696 | 4.22 |
| | | | | 16/11/2018 | Purchase | 3,564 | 12,96,260 | 4.23 |
| | | | | 16/11/2018 | Sale | (6,109) | 12,90,151 | 4.21 |
| | | | | 23/11/2018 | Sale | (1,981) | 12,88,170 | 4.20 |
| | | | | 30/11/2018 | Purchase | 5,000 | 12,93,170 | 4.22 |
| | | | | 14/12/2018 | Sale | (65) | 12,93,105 | 4.22 |
| | | | | 21/12/2018 | Purchase | 1,454 | 12,94,559 | 4.22 |
| | | | | 21/12/2018 | Sale | (8,035) | 12,86,524 | 4.20 |
| | | | | 28/12/2018 | Purchase | 258 | 12,86,782 | 4.20 |
| | | | | 31/12/2018 | Purchase | 2,000 | 12,88,782 | 4.20 |
| | | | | 08/02/2019 | Purchase | 16,464 | 13,05,246 | 4.26 |
| | | | | 08/03/2019 | Purchase | 11,200 | 13,16,446 | 4.29 |
| | | | | 15/03/2019 | Sale | (7,885) | 13,08,561 | 4.27 |
| | | | | 22/03/2019 | Sale | (29,163) | 12,79,398 | 4.17 |
| | | | | 29/03/2019 | Sale | (82) | 12,79,316 | 4.17 |
| | At the end of the Year March 31, 2019 | | | | | | 12,79,316 | 4.17 |
| 3 | RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 4,08,750 | 4,08,750 | 1.33 |
| | | | | 06/07/2018 | Purchase | 3,00,000 | 7,08,750 | 2.31 |
| | | | | 20/07/2018 | Purchase | 2,315 | 71,10,65 | 2.32 |
| | | | | 27/07/2018 | Purchase | 9,679 | 7,20,744 | 2.35 |
| | At the end of the Year March 31, 2019 | | | | | | 7,20,744 | 2.35 |
| 4 | GOLDMAN SACHS INDIA LIMITED | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 3,25,553 | 3,25,553 | 1.06 |
| | | | | 06/07/2018 | Purchase | 2,79,041 | 6,04,594 | 1.97 |
| | At the end of the Year March 31, 2019 | | | | | | 6,04,594 | 1.97 |

| Sr. No | Name of the Shareholders | Shareholding at the beginning of the year (As on April 1, 2018) | | Date DD/MM/YYYY | Reason | Increase / Decrease in Shareholding | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|-----------------|----------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | No. of shares | No. of shares | % of total shares of the Company |
| 5 | EDELWEISS MULTI STRATEGY INVESTMENT TRUST - EDELWEISS ALTERNATIVE EQUITY SCHEME | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 1,60,936 | 1,60,936 | 0.52 |
| | | | | 06/07/2018 | Purchase | 1,49,000 | 3,09,936 | 1.01 |
| | | | | 03/08/2018 | Purchase | 3,09,936 | 6,19,872 | 2.02 |
| | | | | 03/08/2018 | Sale | (3,09,936) | 3,09,936 | 1.01 |
| | At the end of the Year March 31, 2019 | | | | | | 3,09,936 | 1.01 |
| 6 | MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L. P. | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 23/11/2018 | Purchase | 29,190 | 29,190 | 0.10 |
| | | | | 30/11/2018 | Purchase | 1,2,7957 | 1,57,147 | 0.51 |
| | | | | 07/12/2018 | Purchase | 3,250 | 1,60,397 | 0.52 |
| | | | | 14/12/2018 | Purchase | 12,970 | 1,73,367 | 0.57 |
| | | | | 25/01/2019 | Purchase | 1,02,680 | 2,76,047 | 0.90 |
| | At the end of the Year March 31, 2019 | | | | | | 2,76,047 | 0.90 |
| 7 | HDFC SMALL CAP FUND | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 2,67,583 | 2,67,583 | 0.87 |
| | | | | 23/11/2018 | Sale | (2,66,269) | 1,314 | 0.00 |
| | | | | 30/11/2018 | Sale | (1,314) | - | 0.00 |
| | At the end of the year March 31, 2019 | | | | | | - | 0.00 |
| 8 | PRINCIPLAL TRUSTEE CO. PVT LTD A/C PRINCIPAL MUTUAL FUND | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 72,386 | 72,386 | 0.24 |
| | | | | 06/07/2018 | Purchase | 1,83,514 | 2,55,900 | 0.83 |
| | | | | 12/10/2018 | Purchase | 719 | 2,56,619 | 0.84 |
| | | | | 07/12/2018 | Purchase | 1,476 | 2,58,095 | 0.84 |
| | | | | 14/12/2018 | Purchase | 1,524 | 2,59,619 | 0.85 |
| | | | | 01/03/2019 | Purchase | 1,849 | 2,61,468 | 0.85 |
| | At the end of the Year March 31, 2019 | | | | | | 2,61,468 | 0.85 |

| Sr. No | Name of the Shareholders | Shareholding at the beginning of the year (As on April 1, 2018) | | Date DD/MM/YYYY | Reason | Increase / Decrease in Shareholding | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|-----------------|----------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | No. of shares | No. of shares | % of total shares of the Company |
| 9 | DSP BLACKROCK EQUITY & BOND FUND | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 2,52,519 | 2,52,519 | 0.82 |
| | | | | 21/12/2018 | Sale | (58,628) | 1,93,891 | 0.63 |
| | | | | 28/12/2018 | Sale | (375) | 1,93,516 | 0.63 |
| | | | | 04/01/2019 | Sale | (1,863) | 1,91,653 | 0.63 |
| | | | | 11/01/2019 | Sale | (3,274) | 1,88,379 | 0.61 |
| | | | | 18/01/2019 | Sale | (2,988) | 1,85,391 | 0.60 |
| | | | | 25/01/2019 | Sale | (1,72,130) | 13,261 | 0.04 |
| | | | | 01/02/2019 | Sale | (13,261) | - | 0.00 |
| | At the end of the year March 31, 2019 | | | | | | - | 0.00 |
| 10 | ONTARIO PENSION BOARD - MONDRIAN INVESTMENT PARTNERS LIMITED | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 23/11/2018 | Purchase | 21,313 | 21,313 | 0.07 |
| | | | | 30/11/2018 | Purchase | 94527 | 1,15,840 | 0.38 |
| | | | | 07/12/2018 | Purchase | 2,000 | 1,17,840 | 0.38 |
| | | | | 14/12/2018 | Purchase | 11,554 | 1,29,394 | 0.42 |
| | | | | 25/01/2019 | Purchase | 71,972 | 2,01,366 | 0.66 |
| | At the end of the year March 31, 2019 | | | | | | 2,01,366 | 0.66 |
| 11 | AL MEHWAR COMMERCIAL INVESTMENTS LLC - (WHITING) | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 60,184 | 60,184 | 0.82 |
| | | | | 26/10/2018 | Purchase | 1,40,900 | 2,01,084 | 0.66 |
| | At the end of the year March 31, 2019 | | | | | | 2,01,084 | 0.66 |
| 12 | ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED | | | | | | | |
| | At the beginning of the year April 1, 2018 | - | - | | | - | - | - |
| | | | | 29/06/2018 | Purchase | 1,45,314 | 1,45,314 | 0.47 |
| | | | | 03/08/2018 | Purchase | 22,065 | 1,67,379 | 0.55 |
| | | | | 24/08/2018 | Purchase | 46,616 | 2,13,995 | 0.70 |
| | | | | 07/09/2018 | Sale | (25,200) | 1,88,795 | 0.62 |
| | At the end of the year March 31, 2019 | | | | | | 1,88,795 | 0.62 |

* Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

v. Shareholding of Directors and Key Managerial Personnel

| Sr. No | | Shareholding at the beginning of the year (As on April 1, 2018) | | Cumulative Shareholding during the year (As on March 31, 2019) | |
|--|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Prakash Damodar Kamat | | | | |
| | At the beginning of the year | 59,82,840 | 19.51 | 59,82,840 | 19.51 |
| | Date : June 28, 2018 Reason: Transfer of Shares (Offer for Sale) | (15,30,005) | | 44,52,835 | 14.52 |
| | At the end of the year | 44,52,835 | 14.52 | | |
| 2 | Tushar Ramesh Shah* | | | | |
| | At the beginning of the year | 52,29,186 | 17.06 | 52,29,186 | 17.06 |
| | Date : June 28, 2018 Reason: Transfer of Shares (Offer for Sale) | (15,30,004) | | 36,99,182 | 12.07 |
| | At the end of the year | 36,99,182 | 12.07 | | |
| * Equity shares held by Tushar Ramesh Shah jointly with Bina Tushar Shah. | | | | | |
| 3 | Jayen Ramesh Shah** | | | | |
| | At the beginning of the year | 49,53,630 | 16.16 | 49,53,630 | 16.16 |
| | Date : June 28, 2018 Reason: Transfer of Shares (Offer for Sale) | (15,30,003) | | 34,23,627 | 11.17 |
| | At the end of the year | 34,23,627 | 11.17 | | |
| **Equity shares held by Jayen Ramesh Shah jointly with Neeta Jayen Shah. | | | | | |
| 4 | Mukesh Maganlal Shah*** | | | | |
| | At the beginning of the year | 25,88,442 | 8.44 | 25,88,442 | 8.44 |
| | Date : June 28, 2018 Reason: Transfer of Shares (Offer for Sale) | (8,24,397) | | 17,64,045 | 5.75 |
| | At the end of the year | 17,64,045 | 5.75 | | |
| ***Equity shares held by Mukesh Maganlal Shah jointly with Jayshree Mukesh Shah. | | | | | |
| 5 | Bimal Mukesh Shah**** | | | | |
| | At the beginning of the year | 28,22,436 | 9.21 | 28,22,436 | 9.21 |
| | Date : June 28, 2018 Reason: Transfer of Shares (Offer for Sale) | (7,05,609) | | 21,16,827 | 6.90 |
| | At the end of the year | 21,16,827 | 6.90 | | |
| **** Equity shares held by Bimal Mukesh Shah jointly with Mukesh Maganlal Shah. | | | | | |

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|---|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal amount | 5,360.92 | - | - | 5,360.92 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due for payment | - | - | - | - |
| Total (i+ii+iii) | 5,360.92 | - | - | 5,360.92 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 10,808.02 | - | - | 10,808.02 |
| - (Reduction) | (3,341.78) | - | - | (3,341.78) |
| Net Change | 7,466.24 | - | - | 7,466.24 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 12,827.16 | - | - | 12,827.16 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 12,827.16 | | | 12,827.16 |

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director / Whole-time Directors and /or Manager

(₹in Lakhs)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | | Total Amount |
|---------|--|------------------------|----------------|---------------|---------------|---------------|-----------------|
| | | Prakash Kamat | Mukesh Shah | Jayen Shah | Tushar Shah | Bimal Shah | |
| | | WTD | MD | WTD & CEO | WTD & CFO | WTD | |
| 1 | Gross Salary | | | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 1,140.00 |
| | b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | - | - | - | - | - | - |
| | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - | - |
| 4 | Commission as % of profit | - | - | - | - | - | - |
| 5 | Others, specify | - | - | - | - | - | - |
| | Total (A) | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 1,140.00 |
| | Ceiling as per the Companies Act, 2013 | | | | | | 2,505.68 |

B. Remuneration to other directors:

(₹ in Lakhs)

| Particulars of Remuneration | Sitting Fees | Commission | Others, please specify | Total Amount |
|--|--------------|------------|------------------------|--------------|
| Independent Directors and Non-Executive Directors | | | | |
| Maresh Sarda | 2.28 | - | - | 2.28 |
| Prakash Apte | 2.73 | - | - | 2.73 |
| Pratima Umarji | 2.05 | - | - | 2.05 |
| Thiruvengadam Parthasarathi | 2.28 | - | - | 2.28 |
| Kaushik Shah | 2.23 | - | - | 2.23 |
| Total (B) | 11.57 | - | - | 11.57 |
| Total Managerial Remuneration | | | | |
| Ceiling as per the Companies Act, 2013 | | | | 250.57 |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTM

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel | |
|--------------|--|-----------------------------|---------------------------|
| | | Company Secretary | Total Amount (in ₹ Lakhs) |
| 1. | Gross Salary | | |
| | a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Ms. Pooja Dattatray Gaonkar | 13.27 |
| | b. Value of perquisites u/s 17(2) Income-Tax Act, 1961 | | - |
| | c. Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | - |
| 2. | Stock Option | | - |
| 3. | Sweat Equity | | - |
| 4. | Commission - as % of profit | | - |
| 5. | Others, please specify | | - |
| Total | | | 13.27 |

Notes:

1. Tushar Shah, Whole Time Director is also Chief Financial Officer of the Company and his remuneration has been mentioned above in Point V (A).
2. Jayen Shah, Whole Time Director is also Chief Executive Officer of the Company and his remuneration has been mentioned above in Point V (A).

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

For and On Behalf of the Board

Prakash Kamat
Executive Chairman

Mumbai, May 27, 2019

Annexure E

Information required under Section 197 of the Companies Act, 2013 read with Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014

Ratio of remuneration paid to each Director to the median remuneration of the employees of the Company and percentage increase/ decrease in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2018-19 is as follows:

| Sr. No | Name of the director | Designation | Ratio of remuneration of the director to the median remuneration | % increase/ (decrease) |
|--------|---------------------------------|---|--|------------------------|
| 1. | Mr. Prakash Kamat | Executive Chairman and Whole Time Director | 52.61 | (2.03) |
| 2. | Mr. Mukesh Shah | Managing Director | 52.61 | (9.22) |
| 3. | Mr. Jayen Shah | Whole Time Director and Chief Executive Officer | 52.61 | (2.03) |
| 4. | Mr. Tushar Shah | Whole Time Director and Chief Financial Officer | 52.61 | (2.03) |
| 5. | Mr. Bimal Shah | Whole Time Director | 52.61 | 20.91 |
| 6. | Mr. Prakash Apte | Independent Director | 0.63 | 127.08 |
| 7. | Mr. Kaushik Shah | Independent Director | 0.52 | 542.86 |
| 8. | Mr. Mahesh Sarda | Independent Director | 0.52 | 46.77 |
| 9. | Mr. Parthasarathi Thiruvengadam | Independent Director | 0.52 | 102.22 |
| 10. | Ms. Pratima Umarji | Independent Director | 0.47 | 17.14 |
| 11. | Ms. Pooja Gaonkar | Company Secretary | - | 55.39 |

Notes:

The aforesaid details are calculated on the basis of remuneration paid during the financial year 2018-19.

The remuneration to Non Executive Directors comprises of sitting fees paid to them during the financial year 2018-19.

The median remuneration is ₹4.33 lakhs for the financial year 2018-19.

The remuneration to Directors is within the overall limits approved by the shareholders.

There was no employee whose remuneration was in excess of the remuneration of the highest paid Director during the financial year 2018-19.

Percentage increase in the median remuneration of employee in the financial year 2018-19: 6.94%

Number of permanent employees on the payrolls of the Company as on March 31, 2019: 658

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

| | % change in remuneration |
|---|--------------------------|
| Average increase in salary of employees (other than managerial personnel) | 24.12 |
| Average increase in remuneration of managerial personnel | 0.19 |

Affirmation: Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior Management is as per the Remuneration Policy of the Company.

For and On Behalf of the Board

Mumbai, May 27, 2019

Prakash Kamat
Executive Chairman

Annexure F

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation:

The study of solar street lights has been successful and hence, we have installed 5 kwh solar street light system which is presently giving back up to 40 street lights. The capital cost of installing the system was approx. ₹5 lakhs.

Steam condensate process initiated to collect the steam and re-use. We have conserved around 50,000 ltr/day of water. The investment to introduce this method was ₹2 lakhs.

An innovation in installing a compact size Zero Liquid Discharge technology which helps in reduced consumption of heat energy and recovery of reusable water.

Technology absorption:

Secondary cooling system has been introduced for cooling of thermic fluid to be passed around the reactors for cooling them. This technology eliminates thermal shocks in turn extending the shelf life of the equipment. This technology cost was approx. ₹20 lakhs.

Barcode systems introduced for the engineering stores to eliminate human intervention & dependency, paper usage & enabling auto maintenance of safety stock, physical stock count and reconciliation with ERP data. Approx investment for this technology is ₹15.5 lakhs.

We have introduced use of grip sheets as a replacement of hand grade stretch roll for temporary palletization during

material movement in warehouse. Grip sheets are made of PET and are reusable. Hence it helps us in eliminating plastic waste. Overall resulting in approx 67% of cost reduction for pallet wrapping.

Foreign Exchange Earnings And Outgo:

Foreign exchange earnings and outgo during the year under review are as follows:

(₹ in lakhs)

| Foreign Exchange Earnings And Outgo | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|----------------------|----------------------|
| Foreign Exchange Outgo | 21,778.36 | 16,764.63 |
| Foreign Exchange Earnings | 57,364.78 | 48,957.08 |

For and On Behalf of the Board

Prakash Kamat
Executive Chairman

Mumbai, May 27, 2019

Corporate Governance Report

I. COMPANY'S PHILOSOPHY

Your Company is committed towards maintaining high standards and continues to practice good corporate governance to add long-term value. Your Company confirms compliance to the corporate governance requirements prescribed under law. However, corporate governance is more than a mere legal obligation. Your Company firmly believes that good Corporate Governance could be achieved by conducting the business in a fair, transparent and ethical manner, by giving due recognition to the interests of various stakeholders viz. shareholders, customers, employees, government, regulators, service providers, financiers and the society at large, who have direct or indirect interest in the success and growth of a business enterprise.

II. BOARD OF DIRECTORS

(a) Composition

The Board of Directors of the Company comprises ten Directors, of which five are Executive Directors and five are Independent Directors. Out of five independent directors, one independent director is a woman director. The Board of Directors of the Company is an ideal mix of knowledge, perspective, professionalism, divergent thinking and experience. The profile of Directors can be found on <https://www.fineorganics.com/investor-relations/corporate-governance>. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 read with the Rules issued there under.

All Independent Directors fulfill the criteria of independence as prescribed in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act and rules framed there under.

(b) Limit on the number of Directorships/Committee Memberships

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees [Committees being, Audit Committee and Stakeholders Relationship Committee]

across all the Indian public limited companies in which he/she is a Director. All the Directors have periodically made necessary disclosures regarding their Directorship and Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. The Directors on the Board of the Company do not serve as Independent Directors in more than seven Listed Companies or in case if they are serving as a Whole Time Director in any Listed Company, they do not hold such position in more than three Listed Companies.

(c) Number of Board Meetings

During the financial year ended on March 31, 2019, five board meetings were held on May 18, 2018, August 13, 2018, November 2, 2018, February 8, 2019 and March 25, 2019. The maximum interval between any two meetings was well within the maximum allowed gap of one hundred and twenty days. The 16th Annual General Meeting (AGM) of the Company was held on September 25, 2018.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of Listing Regulations.

Corporate Governance Report (Contd.)

| Sr. No. | Name of the Director | Category | Number of Board Meetings attended during FY 2018-19 | Whether attended last AGM held on September 25, 2018 | *No of Directorships in other public limited Companies | **No of committee positions held in other public limited companies | | Directorship in other listed entity (Category of Directorship) |
|---------|---|---|---|--|--|--|--------|--|
| | | | | | | Chairman | Member | |
| 1 | Mr. Prakash Damodar Kamat (DIN 00107015) | Promoter and Executive Director | 5 | YES | - | - | - | - |
| 2 | Mr. Mukesh Maganlal Shah (DIN 00106799) | Promoter and Executive Director | 5 | YES | - | - | - | - |
| 3 | Mr. Jayen Ramesh Shah (DIN 00106919) | Promoter and Executive Director | 5 | YES | - | - | - | - |
| 4 | Mr. Tushar Ramesh Shah (DIN 00107144) | Promoter and Executive Director | 5 | YES | - | - | - | - |
| 5 | Mr. Bimal Mukesh Shah (DIN 03424880) | Promoter and Executive Director | 5 | YES | - | - | - | - |
| 6 | Mr. Prakash Krishnaji Apte (DIN: 00196106) | Non-Executive, Independent Director | 5 | YES | 3 | 3 | 1 | 1) Kotak Mahindra Bank Limited (Independent Director) |
| 7 | Mr. Kaushik Dwarkadas Shah (DIN: 00124756) | Non-Executive, Independent Director | 4 | YES | - | - | - | - |
| 8 | Mr. Mahesh Pansukhlal Sarda (DIN: 00023776) | Non-Executive, Independent Director | 5 | YES | 1 | NIL | 1 | - |
| 9 | Mr. Parthasarathi Thiruvengadam (DIN: 00016375) | Non-Executive, Independent Director | 5 | YES | 2 | NIL | 2 | 1) Centum Electronics Limited (Independent Director) |
| 10 | Mrs. Pratima Madhukar Umarji (DIN: 05294496) | Non-Executive, Independent Woman Director | 5 | YES | - | - | - | - |

* Includes Directorships of public limited companies or a private company that is either a holding or subsidiary company of a public company registered under the Companies Act, 1956/ the Companies Act, 2013 other than Fine Organic Industries Limited

** only Audit Committee and Stakeholders Relationship Committee is considered for the purpose.

Corporate Governance Report (Contd.)

(d) Details of equity shares of the Company held by the Directors as on March 31, 2019 are given below:

| Name | Category | Number of equity shares held (Face value of ₹5 per share) |
|-------------------|---------------------------------|---|
| Mr. Prakash Kamat | Promoter and Executive Director | 44,52,835 |
| Mr. Mukesh Shah | Promoter and Executive Director | 17,64,045 |
| Mr. Jayen Shah | Promoter and Executive Director | 34,23,627 |
| Mr. Tushar Shah | Promoter and Executive Director | 36,99,182 |
| Mr. Bimal Shah | Promoter and Executive Director | 21,16,827 |

(e) Inter - Se Relationship Between Directors:

| Name of Director | Related To | Nature of Relationship of director |
|--------------------------|--------------------------|------------------------------------|
| Mr. Mukesh Maganlal Shah | Mr. Bimal Mukesh Shah | Father |
| | Mr. Jayen Ramesh Shah | Uncle |
| | Mr. Tushar Ramesh Shah | Uncle |
| Mr. Jayen Ramesh Shah | Mr. Tushar Ramesh Shah | Brother |
| | Mr. Mukesh Maganlal Shah | Nephew |
| | Mr. Bimal Mukesh Shah | Cousin |
| Mr. Tushar Ramesh Shah | Mr. Jayen Ramesh Shah | Brother |
| | Mr. Mukesh Maganlal Shah | Nephew |
| | Mr. Bimal Mukesh Shah | Cousin |
| Mr. Bimal Mukesh Shah | Mr. Mukesh Maganlal Shah | Son |
| | Mr. Jayen Ramesh Shah | Cousin |
| | Mr. Tushar Ramesh Shah | Cousin |

Other than as disclosed above, there is no family relationship amongst the Directors.

(f) Familiarisation Programme

The Company conducts familiarisation programme for the Independent Directors to provide them an opportunity to familiarise with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. The details of the familiarisation programme are disclosed on the website of the Company at the web link: <https://www.fineorganics.com/investor-relations/corporate-governance/details-of-familiarization-programmes>.

(g) The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| | |
|------------------------|---|
| Global Business | Developing robust sales and marketing team, understanding various geographical markets, business development, identifying and working towards global market opportunities, expanding existing opportunities and identifying and developing new products, customers and markets. |
| Technology | Product Development, process technology, leading research and development, create new product application |
| Finance | Financial management, managing Financial systems, Financial reporting process, internal financial control, capital allocation, principal controller, Capex management |
| Leadership | Guiding and leading management teams to make decisions in uncertain environments, project management, strategic planning, risk management, Effective communication, Awareness of business process, Developing talent, integrity, building relations, innovation, developing leadership skills, planning successions, high quality operations management |

(h) Board Procedure

The required information, including information as enumerated in Part A of Schedule II of the Listing Regulations is made available to the Board

Corporate Governance Report (Contd.)

of Directors for discussions and consideration at Board Meetings. The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company. We provide video/teleconferencing facilities to enable their participation. The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company.

III. COMMITTEES OF THE BOARD OF DIRECTORS

The Company is in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations in reference to constitution of Committees. Composition, terms of reference and duties and responsibilities of each Committee is based on the provisions of the Companies Act, 2013 and the Listing Regulations. The Committee meetings are held on a timely basis and such committees make necessary recommendation and/or observations and decisions are placed before the Board for their information or approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting.

A. AUDIT COMMITTEE

The scope and function of the Audit Committee is in accordance with section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations and its terms of reference include the following:

i. Terms of Reference:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's

report thereon before submission to the Board for approval, with particular reference to:

- (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
 8. Approval or any subsequent modifications of transactions of the Company with related

Corporate Governance Report (Contd.)

- parties;
9. Scrutinising of inter-corporate loans and investments;
 10. Valuing of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluating of internal financial controls and risk management systems;
 12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
 13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
 14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 15. Discussing with internal auditors on any significant findings and follow up there on;
 16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
 19. Reviewing the functioning of the whistle blower mechanism;
 20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
 21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act or the Listing Regulations or by any other regulatory authority.
 22. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

ii. Composition and Meetings

The Committee met five times during the year under review. The Committee meetings were held on May 18, 2018, August 13, 2018, November 2, 2018, February 8, 2019 and March 25, 2019. The maximum interval between any two meetings was well within the maximum allowed gap of one hundred and twenty days. The attendance at the meetings was as under;

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|---|--------------------|-----------------------------|
| 1. | Mr. Mahesh Pansukhlal Sarda (Non-Executive, Independent Director) | Chairman | 5 |
| 2. | Mr. Prakash Krishnaji Apte (Non-Executive, Independent Director) | Member | 5 |
| 3. | Mr. Kaushik Dwarkadas Shah (Non-Executive, Independent Director) | Member | 4 |
| 4. | Mr. Parthasarathi Thiruvengadam (Non-Executive, Independent Director) | Member | 5 |
| 5. | Mr. Jayen Ramesh Shah (Promoter and Executive Director) | Member | 5 |
| 6. | Mr. Tushar Ramesh Shah (Promoter and Executive Director) | Member | 5 |

Corporate Governance Report (Contd.)

B. NOMINATION AND REMUNERATION COMMITTEE

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

i. Terms of Reference:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Analysing, monitoring and reviewing various human resource and compensation matters;
7. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
8. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
12. Recommend to the board, all remuneration, in whatever form, payable to senior management.
13. Performing such other activities as may be delegated by the Board and/or specified/ provided under the Companies Act or the Listing Regulations, or by any other regulatory authority.

ii. Composition and Meetings

The Committee met two times during the year under review. The Committee meetings were held on August 13, 2018, and March 25, 2019. The attendance at the meetings was as under;

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|--|--------------------|-----------------------------|
| 1. | Mr. Parthasarathi Thiruvengadam Non-Executive, Independent Director | Chairman | 2 |

Corporate Governance Report (Contd.)

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|--|--------------------|-----------------------------|
| 2. | Ms. Pratima Madhukar Umarji Non-Executive, Independent Director | Member | 2 |
| 3. | Mr. Mahesh Pansukhlal Sarda Non-Executive, Independent Director | Member | 2 |
| 4. | Mr. Prakash Damodar Kamat Promoter and Executive Director | Member | 2 |

iii. Performance Evaluation Criteria for Independent Director

The performance evaluation of Independent Directors was based on various parameters such as Board/ Committee structure and composition, frequency of Meetings, participation of Independent Directors in the meeting, execution and performance of specific duties of the Directors, review of Independent Director's competency, experience, contribution alongwith criteria mentioned in the policy adopted by the Board.

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The scope and functions of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013.

i. Terms of Reference

- To formulate and recommend to our Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy and its implementation by the Company from time to time;
- To perform such other functions or responsibilities and exercise such other

powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

ii. Composition and Meetings

The Committee met six times during the year under review. The Committee meetings were held on August 13, 2018, September 10, 2018, October 26, 2018, January 18, 2019, February 18, 2019 and March 25, 2019. The attendance at the meetings was as under:

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|---|--------------------|-----------------------------|
| 1. | Mr. Jayen Ramesh Shah Promoter and Executive Director | Chairman | 5 |
| 2. | Mr. Prakash Krishnaji Apte Non-Executive, Independent Director | Member | 6 |
| 3. | Mr. Kaushik Dwarkadas Shah Non-Executive, Independent Director | Member | 5 |
| 4. | Mr. Mukesh Maganlal Shah Promoter and Executive Director | Member | 5 |
| 5. | Mr. Tushar Ramesh Shah Promoter and Executive Director | Member | 5 |

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The scope and functions of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

i. Terms of Reference

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of

Corporate Governance Report (Contd.)

new/duplicate certificates, general meetings etc.

2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
6. Approval of allotment of shares, approval of transfer or transmission of shares, debentures or any other securities.
7. Issue of duplicate certificates and new certificates on split/consolidation/renewal; and
8. Carrying out any other function as may be decided by the Board or prescribed under the Companies Act, 2013, Listing Regulations as amended, or by any other regulatory authority.

ii. Composition and Meetings

The Committee met two times during the year under review. The Committee meetings were held on August 13, 2018, and February 8, 2019. The attendance at the meetings was as under:

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|--|--------------------|-----------------------------|
| 1. | Ms. Pratima Madhukar Umarji Non-Executive, Independent Director | Chairperson | 2 |

| Sr. No. | Name of Directors and their Category | Chairman or Member | Number of Meetings attended |
|---------|---|--------------------|-----------------------------|
| 2. | Mr. Prakash Krishnaji Apte Non-Executive, Independent Director | Member | 2 |
| 3. | Mr. Kaushik Dwarkadas Shah Non-Executive, Independent Director | Member | 2 |
| 4. | Mr. Mukesh Maganlal Shah Promoter and Executive Director | Member | 2 |
| 5. | Mr. Jayen Ramesh Shah Promoter and Executive Director | Member | 2 |
| 6. | Mr. Tushar Ramesh Shah Promoter and Executive Director | Member | 2 |

iii. Name and Designation of Compliance Officer

Ms. Pooja Gaonkar, Company Secretary has been appointed as a Compliance Officer of the Company on November 11, 2017.

Name : Ms. Pooja Dattatray Gaonkar
Designation: Company Secretary and Compliance Officer

Address: Fine House, Anandji Street,
Off M.G. Road, Ghatkopar East,
Mumbai - 400 077 India
Tel: +91 (22) 2102 5000
Fax: +91 (22) 21028899 /21026666
Email: investors@fineorganics.com

iv. Status of Shareholder Complaints

Details of investor complaints received and redressed during FY 2018- 19 are as follows:

| Nature of Complaints | Received during the year | Resolved during the year | Pending during the year |
|---|--------------------------|--------------------------|-------------------------|
| Non receipt of Dividend / Non receipt of Annual Report / others | 38 | 38 | Nil |

Corporate Governance Report (Contd.)

IV. REMUNERATION OF DIRECTORS

Remuneration to Executive Directors paid during the Financial Year 2018-19:

| Name of Executive Directors | Stock Option | Sweat Equity | Gross Remuneration (₹ in lakhs) | | |
|-----------------------------|--------------|--------------|---------------------------------|------------|--------------|
| | | | Salary | Commission | Total Amount |
| Mr. Prakash Damodar Kamat | - | - | 228.00 | - | 228.00 |
| Mr. Mukesh Maganlal Shah | - | - | 228.00 | - | 228.00 |
| Mr. Jayen Ramesh Shah | - | - | 228.00 | - | 228.00 |
| Mr. Tushar Ramesh Shah | - | - | 228.00 | - | 228.00 |
| Mr. Bimal Mukesh Shah | - | - | 228.00 | - | 228.00 |

Services of the Managing Director and Executive Directors may be terminated by either party, giving the other party three month notice or the Company paying three months' salary in lieu thereof.

Remuneration to Non-executive Directors paid during the Financial Year 2018-19:

The Company follows transparent process for determining the remuneration of Non-executive Directors including the Independent Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board and their overall contribution as Board members. Besides this, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the

industry standards in determining the remuneration of the Non-executive Directors. The details of sitting fees paid during the financial year are as under:

| Sr. No. | Name of Non-Executive Directors | Sitting Fees (₹ in lakhs) |
|---------|---------------------------------|---------------------------|
| 1. | Mr. Prakash Krishnaji Apte | 2.73 |
| 2. | Mr. Mahesh Pansukhlal Sarda | 2.28 |
| 3. | Mr. Parthasarathi Thiruvengadam | 2.28 |
| 4. | Ms. Pratima Madhukar Umarji | 2.05 |
| 5. | Ms. Kaushik Dwarkadas Shah | 2.23 |

Besides, the Company also provides reimbursement of travelling expenses incurred for attending meetings of the Company.

V. GENERAL BODY MEETINGS

The details of Annual General Meetings convened during the last three years are as follows:

| Year | Date | Time | Location | Special Resolution passed |
|---------|--------------------|------------|---|---------------------------|
| 2015-16 | September 28, 2016 | 12:00 noon | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | NIL |
| 2016-17 | July 10, 2017 | 10:00 a.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | NIL |
| 2017-18 | September 25, 2018 | 11:00 a.m. | Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007 | NIL |

The details of Extraordinary General Meetings convened during the last three years are as follows:

| Financial Year | Date & Time | Location | Special Resolution passed |
|----------------|--------------------------------|--|---|
| 2015-16 | February 4, 2016 at 11.00 a.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Alteration of Object Clause of memorandum of Association. Item No. 2 : Adoption of New Set of Articles of Association |

Corporate Governance Report (Contd.)

| Financial Year | Date & Time | Location | Special Resolution passed |
|----------------|----------------------------------|--|--|
| 2017-18 | September 22, 2017 at 11.00 a.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Conversion from Private Limited to Public Limited Company Item No. 2 : Increase in the Authorised Share Capital Item No. 3 : Issue of Bonus Shares Item No. 4 : Alterations of the Memorandum of Association of the Company Item No. 5 : Adoption of New Articles of Association |
| 2017-18 | October 14, 2017 at 11.00 a.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Conversion from Private Limited to Public Limited Company Item No. 2 : Alterations of the Memorandum of Association of the Company Item No. 3 : Adoption of New Articles of Association |
| 2017-18 | November 6, 2017 at 3.00 p.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Increase in Borrowing Powers of the Company Item No. 2 : The Authority for Mortgaging/Hypothecating/ Disposing the Assets of the Company Item No. 3 : Subdivision of Face Value of Equity Shares of the Company Item No. 4 : Alterations of the Memorandum of Association of the Company Item No. 5 : Initial Public Offer of Equity Shares Item No. 6 : Increase in Investment Limits for Foreign Portfolio Investor/Foreign Institutional Investor Item No. 7 : Appointment of Mr. Mukesh Shah as Managing Director of the Company Item No. 8 : Appointment of Mr. Jayen Shah as Whole Time Director and Chief Executive Officer of the Company Item No. 9 : Appointment of Mr. Tushar Shah as Whole Time Director and Chief Financial Officer of the Company Item No.10: Appointment of Mr. Bimal Shah as Whole Time Director of the Company Item No.11: Appointment of Mr. Prakash Kamat as Chairman and Whole Time Director of the Company |
| 2017-18 | November 13 , 2017 at 3.00 p.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Appointment of Mr. Prakash Apte as Independent Director Item No. 2 : Appointment of Mr. Mahesh Sarda as Independent Director Item No. 3 : Appointment of Mr. Parthasarathi Thiruvengadam as Independent Director Item No. 4 : Appointment of Mr. Sundareshan Sthanunathan as Independent Director Item No. 5 : Appointment of Mrs. Pratima Umarji as Independent Director |
| 2017-18 | January 24, 2018 at 11.00 a.m. | Fine House, Anandji Street, Off. M.G. Road, Ghatkopar (East), Mumbai – 400 077 | Item No. 1 : Appointment of Mr. Kaushik Shah as Independent Director Item No. 2 : Alteration in Articles of Association of the Company |

Corporate Governance Report (Contd.)

POSTAL BALLOT

No resolution was required to be passed by means of a postal ballot during the previous year.

VI. MEANS OF COMMUNICATION

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express, English newspaper having country-wide circulation and in Loksatta, Marathi newspaper where the registered office of the Company is situated.

All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing

Regulations and Companies Act, 2013 are being posted at Company's website. <https://www.fineorganics.com>

The official press releases and presentations to the institutional investors or analysts, if any are disseminated to the Stock Exchange at www.bseindia.com and www.nseindia.com and the same is also uploaded on the website of the Company <https://www.fineorganics.com>.

The Company has also separate email id i.e. investors@fineorganics.com for investor grievances.

Annual Reports and any other communication will be sent to email ids of members whose emails are registered with the Company. For others a copy of Annual Report would be dispatched at the registered address of the shareholder with the Company.

VII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date : July 30, 2019

Time : 11:00 a.m.

Venue : Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007

Financial Year : April 1, 2018 to March 31, 2019

Dividend Payment Date : The final dividend, if approved, shall be paid / credited on or before August 29, 2019.

Date of Book Closure/Record Date : Saturday, July 27, 2019 to Tuesday, July 30, 2019 both days inclusive.

Name and Address of Stock Exchange:

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001
Code: 541557

National Stock Exchange of India Limited

Plot No. C/I, "6" Block, Exchange Plaza Bandra Kurla Complex,
Bandra (East) Mumbai – 400 051
Code: FINEORG

Annual Listing Fees to Stock Exchanges:

The Annual Listing fees have been paid to the respective Stock Exchanges.

ISIN: INE686Y01026

Market price data- high, low during each month in last financial year:

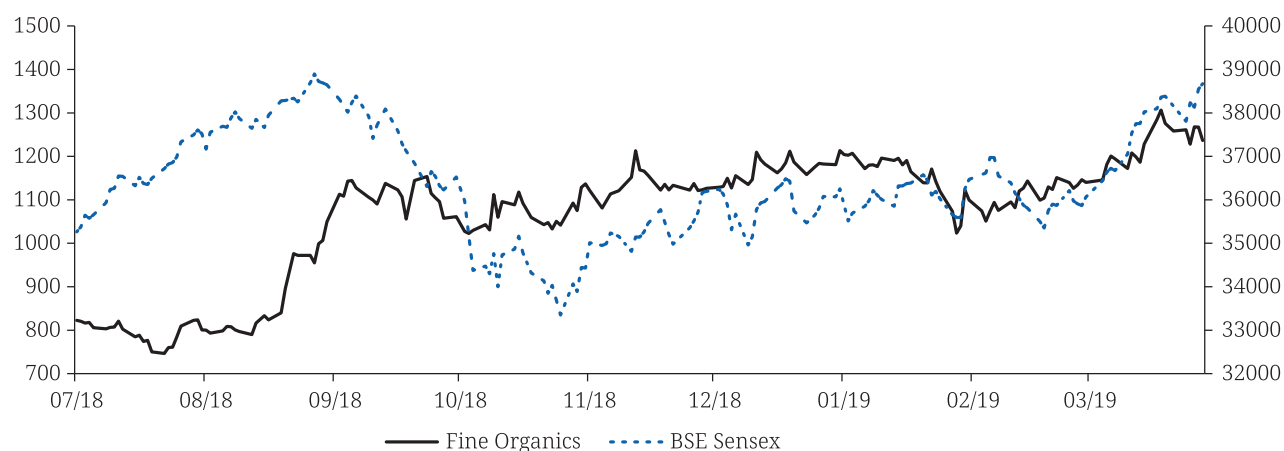
The Company's equity shares are listed on BSE Ltd. ('BSE') and National Stock Exchange of India Ltd. ('NSE') with effect from July 2, 2018. Hence, the market price data of the Company is available only for the period of 9 months. Monthly high and low quotations as well as the volume of shares traded at BSE and NSE for the financial year 2018-19 are as follows:

| Month | BSE | | | NSE | | |
|--------|----------------|---------------|-------------------------------|----------------|---------------|-------------------------------|
| | High Price (₹) | Low Price (₹) | Total Number of Shares Traded | High Price (₹) | Low Price (₹) | Total Number of Shares Traded |
| Jul-18 | 859.85 | 735.20 | 13,79,424 | 858.80 | 735.00 | 82,58,400 |
| Aug-18 | 1,055.00 | 781.00 | 1,71,321 | 1,056.70 | 785.00 | 11,58,858 |
| Sep-18 | 1,244.00 | 1,000.00 | 2,52,285 | 1,244.00 | 1,000.00 | 11,84,247 |
| Oct-18 | 1,185.00 | 995.00 | 48,007 | 1,180.00 | 991.40 | 4,93,373 |
| Nov-18 | 1,237.00 | 1,051.70 | 30,633 | 1,234.00 | 1,066.00 | 4,48,030 |

Corporate Governance Report (Contd.)

| Month | BSE | | | NSE | | |
|--------|----------------|---------------|-------------------------------|----------------|---------------|-------------------------------|
| | High Price (₹) | Low Price (₹) | Total Number of Shares Traded | High Price (₹) | Low Price (₹) | Total Number of Shares Traded |
| Dec-18 | 1,247.05 | 1,121.85 | 19,790 | 1,250.20 | 1,116.50 | 2,30,062 |
| Jan-19 | 1,225.05 | 1,001.05 | 14,931 | 1,230.00 | 1,012.00 | 3,12,022 |
| Feb-19 | 1,170.25 | 1,046.25 | 11,157 | 1,170.00 | 1,045.10 | 73,492 |
| Mar-19 | 1,323.00 | 1,126.20 | 36,272 | 1,325.05 | 1,130.10 | 3,76,940 |

Performance in comparison to broad-based indices such as BSE Sensex:



Registrar & Share Transfer Agents:

| | |
|-------------------------------|--|
| Name: | Karvy Fintech Private Limited (Formerly know an KCPL Advisory Services Private Limited) |
| Address: | Karvy Selenium, Tower B, Plot Number 31 & 32 Financial, District Nanakramguda, Serilingampally, Hyderabad - 500 032 India |
| Telephone: | +91 40 6716 2222 / 3321 1000 |
| E-mail: | einward.ris@karvy.com |
| Website: | www.karvyfintech.com |
| Share transfer system: | Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, email ids, nomination and power of attorney should be given to the Company's RTA i.e., Karvy Fintech Private Limited |

Distribution of Equity Shareholding as on March 31, 2019:

| Category | No. of shareholders | % of Shareholders Total | Total Shares for the Range | % of Amount |
|----------------|---------------------|-------------------------|----------------------------|---------------|
| 01-5000 | 21,093 | 99.36 | 5,61,627 | 1.83 |
| 5001- 10000 | 34 | 0.16 | 48,408 | 0.16 |
| 10001- 20000 | 29 | 0.14 | 80,406 | 0.26 |
| 20001- 30000 | 3 | 0.01 | 16,174 | 0.05 |
| 30001- 40000 | 4 | 0.02 | 28,414 | 0.09 |
| 40001- 50000 | 4 | 0.02 | 39,760 | 0.13 |
| 50001- 100000 | 12 | 0.06 | 1,58,851 | 0.52 |
| 100001 & Above | 49 | 0.23 | 2,97,26,336 | 96.95 |
| Total | 21,228 | 100.00 | 3,06,59,976 | 100.00 |

Corporate Governance Report (Contd.)

Categories of Equity Shareholding Pattern as on March 31, 2019:

| Sr. No | Description | No. of Shareholders | Shares | % Equity |
|--------|-------------------------------------|---------------------|--------------------|---------------|
| 1 | PROMOTERS AND PROMOTER GROUP | 18 | 2,29,94,982 | 75.00 |
| 2 | MUTUAL FUNDS | 29 | 43,99,470 | 14.35 |
| 3 | FOREIGN PORTFOLIO - CORP | 13 | 16,93,079 | 5.52 |
| 4 | RESIDENT INDIVIDUALS | 19,491 | 6,68,556 | 2.18 |
| 5 | ALTERNATIVE INVESTMENT FUND | 3 | 4,60,062 | 1.50 |
| 6 | BODIES CORPORATES | 204 | 3,68,682 | 1.20 |
| 7 | H U F | 1,191 | 45,590 | 0.15 |
| 8 | NON RESIDENT INDIANS | 159 | 11,907 | 0.04 |
| 9 | NON RESIDENT INDIAN NON REPATRIABLE | 66 | 8,948 | 0.03 |
| 10 | BANKS | 1 | 3,775 | 0.01 |
| 11 | CLEARING MEMBERS | 50 | 2,079 | 0.01 |
| 12 | NBFC | 1 | 2,000 | 0.01 |
| 13 | INDIAN FINANCIAL INSTITUTIONS | 1 | 796 | 0.00 |
| 14 | TRUSTS | 1 | 50 | 0.00 |
| | Total | 21,228 | 3,06,59,976 | 100.00 |

Dematerialisation of shares and liquidity:

The Company has established connectivity with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialisation of shares. As on March 31, 2019, Equity shares representing 100% of paid up capital were in dematerialised form (except 19 equity shares in physical mode).

The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensure the necessary liquidity to shareholders.

| Description | Shares | % to Equity |
|---|--------------------|---------------|
| No. of Physical Shares | 19 | 0.00 |
| No. of Shares held in dematerialised form in NSDL | 3,02,79,321 | 98.76 |
| No. of Shares held in dematerialised form in CDSL | 3,80,636 | 1.24 |
| Total | 3,06,59,976 | 100.00 |

Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any global depository receipts or American depository receipts or warrants or any convertible instruments in the past and hence as on March 31, 2019 the Company does not have any outstanding global depository receipts or American depository receipts or warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

As most of the revenue and some expenses are denominated in foreign currency, the Company is exposed to foreign exchange risks. The Company, imports certain raw materials and its price is set off against its export earning received in foreign currency. The Company also enters into forward contracts to manage its foreign exposures.

Corporate Governance Report (Contd.)

Factory Address/Plant Locations:

Additional MIDC, Ambernath (E)
 Khervai MIDC, Badlapur (E)
 Millennium Business Park, MIDC, Mahape, Navi-Mumbai
 MIDC, Dombivili (E)
 MIDC, Chemical Zone, Ambernath (W)

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Fintech Private Limited

(Formerly known as KCPL Advisory Services Private Limited)
 Karvy Selenium Tower - B, Plot Number 31 & 32, Gachibowli, Financial District, Nanakramguda,
 Serilingampally, Hyderabad - 500 032, India

Contact Person:
 Mr. Umesh Pandey
 Tel: +91 40 6716 2222
 Email: einward.ris@karvy.com
 Website: www.karvyfintech.com

The Company has also designated investors@fineorganics.com as an exclusive email ID for Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialised form for transfer/transmission of Shares, change of Address, change in Bank details, etc.

The Compliance Officer can also be contacted at:

Ms. Pooja Gaonkar

Company Secretary and Compliance Officer
 Fine House, Anandji Street, Off M.G. Road,
 Ghatkopar East, Mumbai - 400 077 India
 Tel: +91 (22) 2102 5000
 Fax: +91 (22) 21028899 /21026666
 Email: investors@fineorganics.com

The Company can also be visited at its website: <https://www.fineorganics.com>

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad :

ICRA Limited has given the following credit ratings for borrowing of the Company.

| Sr. No. | Particulars | Current Rating |
|---------|-------------------|--------------------|
| 1. | Long Term Rating | [ICRA]A+(Positive) |
| 2. | Short Term Rating | [ICRA]A1+ |

VIII. OTHER DISCLOSURES

- The transactions entered into with the related parties were at arm's length basis and in ordinary course of business. During the financial year ended March 31, 2019, the Company had not entered into any related party transactions which were material in nature pursuant to the Listing Regulations and applicable provisions of the Companies Act, 2013.
- There have been no instances of non compliance on any matter with the rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or any other Statutory Authority relating to the capital market during the previous 3 (three) financial years.

Corporate Governance Report (Contd.)

- iii. The Company has in place whistle blower policy and vigil mechanism for directors and employees to report concerns about unethical behaviour. No person is denied access to the Chairman of the Audit Committee. The Whistle Blower Policy can be accessed on the Company's website: <https://www.fineorganics.com/investor-relations/corporate-governance/policies>
- iv. The Company has complied with requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
- v. The Company has complied with the requirement specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- vi. A certificate has been received from KS & Associates, Company Secretaries, regarding compliance with the conditions of Corporate Governance, as stipulated in Listing Regulations, is annexed to this report and forms part of the Annual Report.

The Company has also received certificate from KS & Associates, Company Secretaries certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.
- vii. The fees paid to the M/s. B Y and Associates, Chartered Accountants (Firm Registration No. 123423W) statutory auditors of the Company for the Financial Year 2018-19 excluding the applicable taxes are given below;

| Particulars | Amount (₹ Lakh) |
|-------------------------------|--------------------|
| Statutory Audit fees | ₹ 29.00 |
| Limited Review for 3 quarters | ₹ 7.50 |
| Transfer Pricing Report | ₹ 7.00 |
| Total | ₹ 43.50 |

- viii. Policy for determining 'material' subsidiaries:

The Company has no material subsidiary in the FY. 2018-19. The Company has formulated the policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: <https://www.fineorganics.com/investor-relations/corporate-governance/policies>

- ix. Policy on Materiality of Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177 (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: <https://www.fineorganics.com/investor-relations/corporate-governance/policies>

- x. Compliance with mandatory requirements

The Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations. No penalties, strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

- xi. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has not received any complaint of sexual harassment during the Financial Year 2018-19.

- xii. Compliance with Non-mandatory Requirements

The non-mandatory requirements under the Listing Regulations as adopted by the Company are as under:

- a) There is no audit qualification in the company's financial statements for the year ended March 31, 2019.

Corporate Governance Report (Contd.)

- | | |
|--|--|
| <p>b) The Internal Auditor of the Company reports to the Audit Committee and participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.</p> | <p>c) The company has appointed separate persons to the posts of Chairman and Managing Director.</p> <p>xiii. The disclosures with respect to demat suspense account / unclaimed suspense account is not applicable to the Company for Financial Year 2018-19.</p> |
|--|--|

ANNEXURE TO CORPORATE GOVERNANCE REPORT OF FINE ORGANIC INDUSTRIES LIMITED

Declaration regarding Affirmation of Code of Conduct.

All the members of the Board and the Senior Management Personnel of the Company have for the year ended March 31, 2019, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board

Jayen Shah
Director and Chief Executive Officer

Mumbai, May 27, 2019

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Fine Organic Industries Limited.

We have examined the compliance of conditions of corporate governance by Fine Organic Industries Limited ('the company') for the year ended on March 31, 2019, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management Responsibility

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management including the preparation and maintenance of all relevant supporting records and documents.

PCS Responsibility

Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and from the representations made by the Company, Board of Directors and authorised persons as well as from the Management Representations made by the Company during the conduct of audit & from the records maintained by the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations wherever applicable during the financial year ended March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the company not efficiency or effectiveness with which the management has conducted affairs of the Company.

Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for other purposes.

For **KS & Associates,**
Company Secretaries

Kartik Shah

C.P. No. 5163

Membership No. 5732

Mumbai, May 27, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to regulation 34(3) and schedule V Para C clause (10)(i) of SEBI
(Listing Obligations and Disclosure requirements) Regulations, 2015)

To
The Board of Directors of
Fine Organic Industries Limited
Fine House, Off M. G. Road, Ghatkopar East, Mumbai - 400 077

Fine Organic Industries Limited.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Fine Organic Industries Limited having CIN U24119MH2002PLC136003 and registered office at Fine House, Off M. G. Road, Ghatkopar East, Mumbai - 400 077 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with regulation 34(3) read with Schedule V Para-C clause (10)(i) of Securities Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification (including Directors Identifications Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, ministry of corporate affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment in Company |
|---------|-----------------------------|----------|--------------------------------|
| 1 | Mukesh Maganlal Shah | 00106799 | May 24, 2002 |
| 2 | Jayen Ramesh Shah | 00106919 | May 24, 2002 |
| 3 | Tushar Ramesh Shah | 00107144 | May 24, 2002 |
| 4 | Prakash Damodar Kamat | 00107015 | May 24, 2002 |
| 5 | Bimal Mukesh Shah | 03424880 | April 01, 2011 |
| 6 | Mahesh Pansukhlal Sarda | 00023776 | November 13, 2017 |
| 7 | Prakash Krishnaji Apte | 00196106 | November 13, 2017 |
| 8 | Pratima Madhukar Umarji | 05294496 | November 13, 2017 |
| 9 | Thiruvengadam Parthasarathi | 00016375 | November 13, 2017 |
| 10 | Kaushik Dwarkadas Shah | 00124756 | January 24, 2018 |

(on November 06, 2017 from being a Director in the Company, Mr. Mukesh Maganlal Shah was appointed as Managing Director, Mr. Jayen Ramesh Shah was appointed as Wholetime Director & CEO, Mr. Tushar Ramesh Shah was appointed as Wholetime Director & CFO, Mr. Prakash Damodar Kamat was appointed as Wholetime Director & Mr. Bimal Mukesh Shah was appointed as Wholetime Director, in the Company.)

Ensuring the eligibility of for the appointment/continuity of every director on the board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KS & Associates**, Company Secretaries

Kartik Shah

Membership No.: FCS 5732 CP No.: 5163

Mumbai, May 27, 2019

Business Responsibility Report

for Financial Year 2018-19

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identification Number (CIN) of the Company: U24119MH2002PLC136003
- Name of the Company: Fine Organic Industries Limited ('the Company' or 'FOIL')
- Registered Address: Fine House, Anandji Street, Off M G Road, Ghatkopar East, Mumbai - 400077, Maharashtra, India
- Website: www.fineorganics.com
- E-mail ID: info@fineorganics.com
- Financial Year reported: April 1, 2018 to March 31, 2019
- Sector(s) that the Company is engaged in (industrial Activity code-wise):

| NIC code | Description |
|----------|--|
| 20119 | Manufacture of Organic and Inorganic Chemical compounds n.e.c. |

- List of three key products/services that the Company manufactures/provides:
 - Plastics additives
 - Food additives
 - Specialty additives for coatings, cosmetics etc.
- Number of locations where business activities are undertaken by the Company:

| | |
|-----------------------------------|---|
| Number of National Locations | 3 Manufacturing locations - Ambernath, Badlapur, Dombivli in Maharashtra 1 Research and Development Centre - Mahape, Navi Mumbai 1 Head office - Mumbai 1 Sales and Marketing office - Delhi |
| Number of International Locations | 2 Sales & Marketing office USA and Europe (through subsidiaries of the Company) |

- Markets served by the Company Local/State/ National/International:
We have extensive distribution network spread across India as well as across globe.

SECTION B: FINANCIAL DETAILS OF THE COMPANY:

- Paid up Capital: ₹1,533 lakhs
- Total Turnover: ₹1,04,397.20 lakhs
- Total Profit after Taxes: ₹12,901.37 lakhs
- Total spending on Corporate Social Responsibility (CSR) (INR) as percentage of profit after tax (%): As per Section 135 of the Companies Act, 2013, the CSR spend is 0.25% of average net profit of the preceeding three financial years. Refer to **Annexure C** to the Director's Report in the Annual Report.
- List of activities in which the expenditure in 4 above formations has been incurred: The Company has identified the projects under areas such as 1. Healthcare 2. Promotion of Education 3. Rural Development 4. Woman Empowerment etc.

SECTION C:

- Does the Company have any Subsidiary company/ companies?
Yes. The Company has 2 (Two) subsidiaries.
- Do the Subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such Subsidiary company(s):
Since both the Companies are incorporated in foreign country, they follow the laws applicable to them in their respective countries of incorporation. However the Company encourages subsidiaries to adopt its policies and practices.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]
We do not mandate that our suppliers and distributors participate in the Company's BR initiatives; however, they are encouraged to do so.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

- Details of Director/Directors responsible for BR**
 - Details of the Director/Directors responsible for implementation of the BR policy/ policies:
DIN Number: 00106799
Name: Mr. Mukesh Shah
Designation: Managing Director

Business Responsibility Report (Contd.)

b) Details of the BR head:

| Sr. No. | Particulars | Details |
|---------|----------------------------|--------------------------------------|
| 1. | DIN Number (if applicable) | 00106919 |
| 2. | Name | Mr. Jayen Shah |
| 3. | Designation | Chief Executive Officer and Director |
| 4. | Telephone NO. | 91-22-21025000 |
| 5. | E-mail ID | info@fineorganics.com |

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVGs') released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

| | |
|----|---|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. |
|----|---|

| | |
|----|--|
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life Cycle. |
| P3 | Businesses should promote the well-being of all employees. |
| P4 | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised |
| P5 | Businesses should respect and promote human rights. |
| P6 | Businesses should respect, protect and make efforts to restore the environment. |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| P8 | Businesses should support inclusive growth and equitable development. |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

(a) Details of compliance (Reply in Y / N):

| Sr. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. | Do you have a policy/policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any National/International standards? If Yes, Specify (50 words)* | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note | Y Refer Note |
| 4. | Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/CEO/appropriate Board Director? | Y* | Y* | Y* | Y* | Y* | Y* | Y* | Y* | Y* |
| 5. | Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | Refer Table below | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y@ | Y@ | Y@ | Y@ | Y@ | Y@ | Y@ | Y@ | Y@ |

Business Responsibility Report (Contd.)

| Sr. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|--|----|----|----|----|----|----|----|----|----|
| 8 | Does the company have in-house structure to implement the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit /evaluation of the working of this policy by an Internal or external agency? | Y# | Y# | Y# | Y# | Y# | Y# | Y# | Y# | Y# |

Y= Yes, N= No

* All statutory policies are approved by the Board of Directors, whereas other policies are approved by Executive Directors or the respective business/unit head.

@ These policies are internal documents and circulated internally to the employees of the Company. Code of Conduct, for Board Directors and Senior Management, CSR policies, Whistle Blower policy etc. are available on website of the Company.

The policies are evaluated from time to time and updated whenever required and subject to internal review.

Note: All policies have been formulated in accordance with the applicable laws and regulations and after considering the best practices adopted by the industry.

Table

Name of the policies:

| Name of the Policy | Web link |
|---|---|
| Code of Conduct for Board Members and Senior Management | https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/Code_of_Conduct_for_Board_of_Directors_and_Senior_Management_Personnel.pdf |
| Corporate Social Responsibility Policy | https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/CSR-Policy.pdf |
| Prevention of Sexual Harassment Policy | https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/Sexual_Harassment_Policy.pdf |
| Whistle Blower Policy | https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/Whistle-Blower-Policy.pdf |
| Code of practices and procedures for fair disclosure of unpublished price sensitive information | https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/Fair_Disclosure_Code.pdf |

Business Responsibility Report (Contd.)

(b) If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Sr. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|----------------|----|----|----|----|----|----|----|----|
| 1. | The Company has not understood the Principles | Not Applicable | | | | | | | | |
| 2. | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles | | | | | | | | | |
| 3. | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next six months | | | | | | | | | |
| 5. | It is planned to be done within next one year | | | | | | | | | |
| 6. | Any other reason (please specify) | | | | | | | | | |

3. Governance related to BR:

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

This is the Company's first Business Responsibility Report for the Financial Year 2018-19. The Business Responsibility performance will be reviewed annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing its first Business Responsibility Report as a part of its annual report which will be published annually. The Annual Report is available at <https://www.fineorganics.com> under the section Investor Relations.

highest standards of business ethics. The Company's Directors and Senior Management are required to abide by separate Code of Conduct. The said Code is available on Company's website viz. <https://www.fineorganics.com>.

Additionally, the Company has Code of Conduct which is applicable to all employees of the Company as well as working directors.

Our Whistle Blower policy provides a mechanism for employees of the Company to report any instance of unethical behaviour, actual suspected fraud or violation of the Company's Ethics Policy.

Though policies of Fine Organics Industries Limited do not apply to external stakeholders such as suppliers, contractors, NGOs etc., the Company insists on adherence to ethical business practices by such agencies during their dealings with the Company and its Group Companies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year, 38 complaints have been received from shareholders and investors related to IPO queries, non receipt of Annual Report and non receipt of Dividend. All complaints have been resolved to the satisfaction of the complainants. No investors complaint was pending at the end of the year.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Fine Organic Industries Limited is committed to conduct its business in accordance with the applicable laws, rules and regulations and with

Business Responsibility Report (Contd.)

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

Anticrystallizer

The Company has developed an innovative anticrystallizer, which finds application in vegetable oils. It is important to prevent crystallization in vegetable oils to improve consumer acceptance. Traditionally, crystallization in vegetable oils can be controlled by multiple fractionation steps, which causes higher energy consumption. Multiple fractionation leads to lowering yield, which also increases production cost. This additive is emerging as an effective and economical anticrystallizer that increases the consumer acceptance of vegetable oil by reducing the rate of clouding of the oil and also, helps to decrease the environmental concern by decreasing the energy consumption and thereby, effectively reducing the production cost.

Feed Nutrition Additive

In our society, milk has always been considered as a food containing wholesome nutrition for all age groups. Our country has been able to impressively increase the production of milk in the past decades. However, the quality of milk may vary based on various factors including the region, health of the cattle and supplements provided to the cattle. The nutritional value of the milk is dependent on the fraction of unsaturated and saturated fats present in the milk. The chemical supplements injected in the cattle can alter the milk composition by increasing the saturated fats portion, consumption of which may result in excess saturated fats intake in humans. Any excess fat consumption leads to health concerns and lower quality health. The Company produces feed additives, which improve the animal health in a natural and safe way. Further, it also provides healthier milk to humans that contains higher percent of unsaturated fats as compared to the saturated fats (which are indentified to be a cause for various diseases in humans). This positively impacts the social concern of health by providing healthy food options for humans and by improving the health of animals in a natural way.

Contributing to Sustainability through addition:

Naturally derived green additives by the Company provide dual benefits in the Plastics sector by facilitating the processing of the bio-polymers and aiding the recycling process of the conventional plastics by minimising the susceptibility of polymer resins to thermal degradation; further, being naturally derived the additives by the Company are highly suitable in the bio-polymers.

The biopolymers feature important properties such as bio-degradability, natural/ renewable resources; which may offer a sustainable solution to the ever increasing plastic waste. Recycling is considered as an effective way to manage voluminous plastic waste. The variation in melt flow properties is likely to pose notable difficulty in the material processing, mold release and aesthetic value of the end product.

Therefore, it is extremely important to achieve optimum flow during the processing in order to maximise the benefits in recycling as well as to encourage the usage of biopolymers, where the additives produced by the Company play a remarkable role.

Example: Phthalate free plasticizer is a bio-based & bio-degradable plasticizer to improve the melt flow during processing of bio-polymers. An effectively improved flow helps in critical processes such as flexible film production, which otherwise is a significant challenge with biopolymers such as poly(lactic acid) (PLA) due to poor flow properties.

The use of additives by the Company positively helps to protect the environment through encouraging the recycling of existing plastic waste and the use of eco-friendly polymers. Furthermore, it positively contributes to the society by encouraging the income generation for the working class involved in these activities such as molding, material collection/ segregation, compounding and more.

2. For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.(i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company takes adequate measures for the conservation and optimal utilisation of all the

Business Responsibility Report (Contd.)

resources dedicatedly. In view of this, all our major processes typically are continuous and run for nearly 365 days in a year and the designs aim for the optimised process efficiency with minimised use of non-renewable/ high energy consuming resources.

The Company also encourages the optimum use of renewable energy sources, such as solar energy & natural gases.

The processes are modified to decrease modulations in order to achieve savings in fuel consumed in the same.

In addition to conserving the fuel & energy, minimising the waste generation is also a major focus for the Company. In alignment of which, we feature zero liquid discharge plant facility.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Provide details thereof, in about 50 words or so

Yes we have procedures for sustainable sourcing in place at our facilities. Majority of our input sourcing including facility utilities are from sustainable sources. The sourcing principles are based on SEDEX 6.0, ISO 9001:2015, FSSC 22000 Ver 4.1 & RSPO guidelines. An effective vendor selection & evaluation process is followed to ensure established supply chain compliances with various applicable local & global regulations. We have taken initiatives to minimise waste generation, for instance – we have introduced durable and reusable grip sheets as a replacement of hand grade stretch roll for temporary palletisation during material movement in warehouse. Further, we follow a deliberate approach to replace non-renewable fuel with greener sources with the aim of limiting the CO₂ emission and reduce pollution; hence, the furnace oil was replaced with natural gas for numerous heating equipments. The Company also believes in following an energy saving approach to the best of our capacity. The use of Skypipes working on solar radiations has successfully eliminated the need of CFL/ LED lamps during the day time and has resulted in attractive energy saving (nearly 42.5 KW/ day).

4. Has the company taken any steps to procure goods and services from local & small producers,

including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Over the years, the Company has promoted local contractors and service providers and provides them opportunities. The Company also keeps exploring development of suppliers from socially and economically backward communities by helping them with regulatory processes, technical training and other capacity building efforts so that they can become registered vendors of the Organisations. Many other vendors are now also vendors of other organisations besides FOIL.

The Company has a dedicated supplier development team that works to create sustainable local sourcing. The team's objective include less reliance on imports, supporting sustainable quality and creating wider, more flexible supply base. In 2018-19, the Company supported more than 9 suppliers through technical assistance, added 15 new suppliers/locations and localised 1 raw material. The team also works on developing local vendors through technical assistance to meet the desired quality/ regulatory norms for supply to other FOIL market.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees:

Total number of permanent employees is 658

2. Please indicate the total number of employees hired on temporary/ contractual/casual basis.-

Total number of employees hired on temporary/ contractual/casual basis is NIL

3. Please indicate the number of permanent women employees.

Total number of permanent women employees is 117.

4. Please indicate the number of permanent employees with disability

None of the permanent employees are differently abled.

5. Do you have an employee association that is recognised by management?

The Company does not have any recognised employee association.

Business Responsibility Report (Contd.)

6. What percentage of your permanent employees are a member of this recognised employee association?

Not Applicable.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, religion, age or Sexual orientation. FOIL has set policies and procedures to prevent any kind of child labour, sexual harassment at our locations of operations such as verification of supporting documents related to Age proof before confirming employment, conducting of awareness program to prevent harassment at workplace.

During the year the Company does not received any complaint relating to child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Employee health and safety is of prime importance to Fine Organic Industries Limited. Alongwith Safety and Security Training, the Company organises several training programs for its employees across the offices and factories which are based on the roles and responsibilities performed by the employees in different grades and departments such as:

Stress Management Training
Decision Making Training
Time Management & planning Training
Interpersonal skills training
Induction training
Accountability and delegation
Prevention of Harassment at workplace

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the process of mapping of stakeholders is an ongoing exercise and is conducted on a regular basis.

FOIL has identified and mapped all its key internal and external stakeholders and some are mentioned below:

- a) Suppliers
- b) Vendors
- c) Employees
- d) Business Partners / Associates
- e) NGO's
- f) Shareholders
- g) Management
- h) Employees
- i) Regulatory Authorities / Bodies
- j) Local Communities in the areas that we operate in

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

The Company has identified the disadvantaged, vulnerable and marginalised stakeholders through need assessment and engages with such marginalised communities under its Corporate Social Responsibility initiative/activities. The details of CSR activities of the Company are mentioned in the Annual Report of CSR activities as **Annexure C** to the Directors' Report.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

FOIL endeavors to make a difference in life of vulnerable, disadvantaged and marginalised communities through its Corporate Social Responsibility initiatives. Currently FOIL is focusing on infrastructure development, healthcare, basic education in Tribal areas. CSR Activities in detail can be referred in Annual CSR report which is attached to the Directors' Report as **Annexure C**.

FOIL has conducted seminars/conferences in Maharashtra and Punjab to educate farmers on improvement of milk quality and potential new avenue and to help increase earnings of the farmers.

Business Responsibility Report (Contd.)

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company does not have any specific policy on human rights. The Company adheres to all statutes which embody the principles of human rights such as non-discrimination, prevention of Child labour, prevention of sexual harassment, equal employment opportunities etc. The Company respects the dignity and individual rights of every employee as well as third parties with whom it does business.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management during the financial year 2018-19?

The Company has not received any complaints from stakeholders in this respect during financial year 2018-19.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others

Environmental protection and work safety is fundamental part of our management principles. The Company's policies – Safety, Health and environment extend support to all stakeholders influencing the entire value chain.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

As the Company is growing at a high pace, we are being more responsible towards the preservation of environment with the highest level of commitment.

The Company possesses indigenous technology, and the processes are suitably refined to maximise the efficiency using more renewable eco-friendly fuels to encourage sustainable use of natural resources in manufacturing and to achieve cleaner processes in order to minimise the waste generation.

The dedicated programs have been in place to contribute positively to the conservation of environment for instance the tree-plantation initiative in the surrounding areas and the Zero Liquid Discharge (ZLD) plant facilities that, focuses on energy & fuel savings.

The Company values also include identification of possible ways to address the environmental issues for instance the discharge of spent gases has been minimised by consuming the generated gas in the facility. This initiative led to reduction in air pollution and thereby, helped in achieving a more eco-friendly production facility.

3. Does the company identify and assess potential environmental risks? Y/N

Being a responsible organisation, we are conscious of our environmental performance and monitor all operations to identify activities that may adversely impact the environment.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, we have deployed a latest technology of ATFD to continue the zero discharge status, and also opted for natural gas as a fuel to achieve zero carbon emissions in the atmosphere.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, the Company has undertaken multiple focused initiatives in the mentioned areas.

- The Company has installed LED lamps to replace higher power consuming conventional lighting solution (such as CFL) with the goal of conserving energy as well as achieving superior quality light.
- The streetlights have been installed with timers to ensure savings in energy by restricting the duration for which the lights are working.
- A significant energy saving (approximately 30%) has been achieved by installing a higher rating motor suitable to monitor and regulate the systems as well as feeder power.

Business Responsibility Report (Contd.)

- The systems have been maintained to ensure the most optimum power factor and load distribution.
- Specially designed cooling systems are in place to minimise or prevent any thermal shocks along with enhanced cooling efficiency to the systems; thereby, extending the service life and regulating the power consumption.
- The streetlights drawing energy from the solar energy source have been installed and the Company plans to take this initiative forward positively in future as well.
- The conventional burners are being replaced with highly efficient natural gas fired burners.
- Flue gases have been captured and utilised for steam generation resulting in excellent heat recovery as well as to ensure cleaner technology.
- The dedicated programs have been in place to contribute positively to the conservation of environment for instance the tree-plantation initiative in the surrounding areas and the Zero Liquid Discharge (ZLD) plant facilities that, focuses on energy & fuel savings.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB /SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There are no show cause/ legal notices received from Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) as on end of March 31, 2019.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Fine Organic Industries Limited is member of trade and Industry chambers and associations such as:

- Federation of Indian Export Organisations (FIEO)
- Indo German Chamber Of Commerce

- Basic Chemicals, cosmetics & Dyes Export Promotion Council (Chemexcil)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Oil Technologists Association of India (OTA)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

FOIL understands the improvement and advancements of the industry in interest of public good. Our endeavor is to co-operate with all Government bodies and policy makers in this regard.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company is committed to operate business in an economically, socially and environmentally sustainable manner. The Company has a Corporate Social Responsibility Policy and through the CSR activities our Company endeavor to reach out underprivileged sections of the society by way of promotion of education, healthcare infrastructure, rural development etc.

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?

The Company collaborates with External NGOs and Partners to undertake CSR programmes/projects. Our CSR Committee and internal team reviews and ensures the implementation of the projects undertaken.

3. Have you done any impact assessment of your initiative?

Yes. It is an ongoing process. The dedicated in-house team monitors the number of beneficiaries impacted by the Company's CSR initiatives and the same is presented to the CSR Committee periodically.

Business Responsibility Report (Contd.)

4. What is your company's direct contribution to community development projects amount in INR and the details of the projects undertaken

The Company has taken various CSR initiatives for support and development of society. The report on the CSR projects carried by the Company is annexed as **Annexure C** of Director's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Our Internal team, reviews, monitors and conducts post impact assessment for all our CSR initiatives on regular basis.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

As on March 31, 2019, the Company has no pending consumer complaints.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information):

Yes, the Company ensures to display essential information on the product label based on the

suitable standards. As a regular practice, the technical datasheet (TDS), safety datasheet (SDS) as well as the regulatory document (PRD) (as per the internationally recognised standards) are provided to the customers. In case of any specific requirements, the information can be conveniently fetched from the Company's website or from associated sales personnel.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.

There are no cases in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The customer satisfaction is of prime importance for the Company as it strongly believes in a customer-centric approach. Therefore, customer satisfaction surveys are periodically conducted (as a part of ISO quality systems) to assess the Consumer Satisfaction in relation to the products and the services pertaining to the products.

Furthermore, the Company personnel ensure prompt and superlative quality responses and services to any customer requirements to the best of the capacity.

Form No. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures.

Part A Subsidiaries

(₹ in lakhs)

| Sr. No | 1 | 2 |
|--|--------------------------|---------------------------|
| Name of Subsidiary Company | Fine Organics (USA) Inc. | Fine Organics Europe BVBA |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | -- | -- |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | USD 69.17 | EURO 77.70 |
| Share capital | 0.63 | 14.31 |
| Reserves and surplus | (108.34) | 220.73 |
| Total assets | 1,481.41 | 1,486.36 |
| Total Liabilities | 1,589.13 | 1,251.32 |
| Investments | - | - |
| Turnover | 2,323.99 | 5,307.03 |
| Profit before taxation | 391.53 | 934.87 |
| Provision for taxation | - | 89.35 |
| Profit after taxation | 391.53 | 845.52 |
| Proposed Dividend | - | - |
| Extent of shareholding (in percentage) | 100% | 99.46% |

- Notes:** 1. Names of subsidiaries which are yet to commence operations: **NIL**
2. Names of subsidiaries which have been liquidated or sold during the year: **NIL**

Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

(₹ in lakhs)

| Sr. No | 1 | 2 |
|---|--------------------------------|--------------------------|
| Name of Associates or Joint Ventures | Fine Zeelandia Private Limited | FineADD Ingredients GmbH |
| Latest audited Balance Sheet Date | March 31, 2019 | December 31, 2018 |
| No. Shares of Associate or Joint Ventures held by the company on the year end | 13,184,250 | 1000 |
| i. Amount of Investment in Associates or Joint Venture | 1,318.43 | 81.29 |
| ii. Extent of Holding (in percentage) | 50% | 50% |
| Description of how there is significant influence | Joint venture | Joint venture |
| Reason why the associate/joint venture is not consolidated | consolidated | consolidated |
| Net worth attributable to shareholding as per latest audited Balance Sheet | 1896.32 | 115.17 |
| Profit or Loss for the year | (613.64) | (44.38) |
| i. Considered in Consolidation | (306.82) | (22.19) |
| ii. Not Considered in Consolidation | (306.82) | (22.19) |

The management and Accountant certified unaudited accounts of "FineADD Ingredients GmbH" is considered for preparing consolidated financial statements for the FY 2018-19

1. Names of associates or joint ventures which are yet to commence operations: FineADD Ingredients GmbH
2. Names of associates or joint ventures which have been liquidated or sold during the year: **NIL**

For and On Behalf of the Board

Mumbai, May 27, 2019

Prakash Kamat
Executive Chairman

Independent Auditors' Report

To,

The Members of

Fine Organic Industries Limited

(Formerly known as 'Fine Organic Industries Private Limited')

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Fine Organic Industries Limited** (herein referred to as the "Company"), which comprise the Balance Sheet as at **March 31, 2019**, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of the 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 Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2019**, and its profit (including other comprehensive income), statement of changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further

described in the Auditors' Responsibilities for the Audit of 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 standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on standalone Ind AS financial statement.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone 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 Standalone 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 Standalone Ind AS Financial Statements.

1 Recoverability of Indirect Tax Receivables

In Note No. 17 'Other Current Assets' in respect of Balance with Statutory and Government Authorities includes Input Tax Credit (ITC) of Goods & Service Tax recoverable as at March 31, 2019 of ₹5,082.97 Lakhs which are pending adjudication.

Auditors' Response

The Company has provided affirmation from Indirect Tax Consultant of the Company regarding the nature & status of amount recoverable, the sustainability and the likelihood of recoverability upon final resolution.

Independent Auditors' Report (Contd.)

2 Revenue Recognition

For the year ended March 31, 2019 the Company has recognised revenue from contracts with customers amounting to ₹1,04,396.99 Lakhs.

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 as principal, it typically controls the goods or services before transferring them to the customer.

The variety of terms that define when control are transferred to the customer, as well as the high value of the transactions, give rise to the risk that revenue is not recognised in the correct period.

Revenue is measured net of returns and allowances, cash discounts, trade discounts and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are incorrectly recorded as it also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual.

Revenue is also an important element of how the Company measures its performance. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risk and rewards have been transferred. Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the Standalone Ind AS Financial Statements.

Auditors' Response

Our audit procedures included the following:

- Assessed the Company's revenue recognition procedure as per Ind AS 115 'Revenue from contracts with customers'.
- Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition, discounts and rebates.
- Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples checked that the revenue has been recognised as per the terms.
- To test cut off selected sample of sales transactions made pre and post-year end, agreeing the period of revenue recognition to third party support, such as transporter invoice and customer confirmation of receipt of goods.
- Tested the provision calculations related to discounts and rebates by agreeing a sample of amounts recognised to underlying arrangements with customers and other supporting documents.
- Performed analytical procedures of revenue by streams to identify any unusual trends.
- The Company has provided confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the Financial Statements; to ensure revenue from contracts with customers are in accordance with the requirements of relevant accounting standards.

3 Evaluation of uncertain tax imposition

The Company has material uncertain tax position including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.

{Refer to note no. 40 of the Standalone Ind AS Financial Statements}

Auditors' Response

We have obtained details of all pending assessments and demands for the year ended March 31, 2019 from management. We have evaluated the possible outcome of pending assessments and disputed matters under litigations.

Independent Auditors' Report (Contd.)

Information other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, for example, Corporate Overview, Key Highlights, Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Report, etc., but does not include the standalone Ind AS financial statement and our auditors' report thereon.

Our opinion on the standalone Ind AS financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statement or our knowledge obtained during the course of 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.

Management's Responsibility for the Standalone Financial Statements

The Board of Directors of the Company is responsible for the matters specified in section 134(5) of the Act with respect to the preparation of these standalone Ind AS 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes the 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 the frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Standalone Ind AS 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 auditors' 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 Standalone 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 risk of material misstatement of the standalone 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls

Independent Auditors' Report (Contd.)

system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 auditors' report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Section 143(3) of the Act, based on our audit, 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 of the aforesaid financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the Directors of the Company as on **March 31, 2019** taken on record by the Board of Directors of the Company, none of the directors of the Company incorporated in India is disqualified as on **March 31, 2019** from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditors' Report (Contd.)

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls; refer to our separate report in '**Annexure – A**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid/provided by the Company to its director during the year is in accordance with the provision of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditors' 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 standalone Ind AS financial statement.
- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (2) As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the '**Annexure – B**' a statement on the matters specified in paragraph 3 and 4 of the Order.

For **B Y & Associates**

Chartered Accountants

Firm's registration number: 123423W

CA Bhavesh Vora

Partner

Membership Number: 043908

Date: May 27, 2019

Place : Mumbai

Independent Auditors' Report (Contd.)

'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **'Fine Organic Industries Limited'** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

We have audited the internal financial controls over financial reporting of **Fine Organic Industries Limited** ('the Company') as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

Independent Auditors' Report (Contd.)

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting criteria

established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B Y & Associates**

Chartered Accountants

Firm's registration number: 123423W

CA Bhavesh Vora

Partner

Membership Number: 043908

Date: May 27, 2019

Place : Mumbai

Independent Auditors' Report (Contd.)

'ANNEXURE - B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of '**Fine Organic Industries Limited**' of even date)

(i) In respect of the Company's fixed assets:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- The Company has a programme of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- According to the information and explanations given to us, the records examined by us and based on our examination of the records provided to us, we report that, the title deeds, comprising immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

(ii) In respect of the Company's Inventories:

- The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- On the basis of our examination of the records of inventory, we are of the opinion that Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of stock as compared to book records.

(iii) The Company has not granted any loans, secured or unsecured, other than advances for expenses, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 as prescribed under the provision of the section 73 to 76 of the Companies Act, 2013 and rules framed there under.

(vi) The Central Government has prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013. As observed by us such accounts and records have been made and maintained by Company. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- Details of dues of Income Tax, Sales Tax, Goods & Service Tax, and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below :

| Sr. No. | Financial Year / Period | Nature of Demand | Appellate Authority where dispute is pending | Amounts |
|---------|-------------------------|------------------|--|--------------|
| 1 | 2005 - 2006 | Income Tax | Hon'ble High Court, Mumbai | 190.50 Lakhs |
| 2 | 2009 - 2010 | Income Tax | Hon'ble Supreme Court | 66.35 Lakhs |
| 3 | 2015 - 2016 | Income Tax | Commissioner of Income Tax (Appeal), Mumbai | 150.30 Lakhs |
| 4 | 2014 - 2015 | MVAT | Department of Sales tax | 27.16 Lakhs |

Independent Auditors' Report (Contd.)

- (viii) According to records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The Company has not issued any debentures during the year.
- (ix) During the year the Company came out with an Initial Public Offer of its Equity Shares through offer for sale by its shareholders. According to the information and explanations given to us, the term loans raised have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act
- (xii) The Company is not a Nidhi Company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all

transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence, reporting under Clause 3 (xiv) of the Order is not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary companies or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B Y & Associates**

Chartered Accountants

Firm's registration number: 123423W

CA Bhavesh Vora

Partner

Membership Number: 043908

Date: May 27, 2019

Place : Mumbai

Standalone Balance Sheet

as at March 31, 2019

(₹ in lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|---------|-------------------------|-------------------------|
| ASSETS | | | |
| A) Non Current Assets | | | |
| Property, Plant and Equipment | Note 4 | 7,781.69 | 8,805.15 |
| Capital Work-in-Progress | Note 5 | 10,629.09 | 3,167.49 |
| Intangible Assets | Note 6 | 34.51 | 26.68 |
| Financial Assets | | | |
| - Investments | Note 7 | 1,669.08 | 1,432.99 |
| - Loans | Note 8 | 644.78 | 592.93 |
| - Others | Note 9 | 208.03 | 42.79 |
| Deferred Tax Assets (Net) | Note 22 | - | 484.87 |
| Other Non-current Assets | Note 10 | 7,046.91 | 5,968.47 |
| Total Non Current Assets (A) | | 28,014.09 | 20,521.37 |
| B) Current Assets | | | |
| Inventories | Note 11 | 7,900.21 | 8,331.14 |
| Financial Assets | | | |
| - Trade Receivables | Note 12 | 16,698.47 | 16,108.22 |
| - Cash and Cash Equivalents | Note 13 | 10,198.03 | 538.05 |
| - Bank Balances | Note 14 | 108.74 | 170.43 |
| - Others | Note 15 | 27.55 | 43.76 |
| Current Tax Assets (Net) | Note 16 | 437.22 | 376.82 |
| Other Current Assets | Note 17 | 7,543.57 | 8,104.04 |
| Total Current Assets (B) | | 42,913.79 | 33,672.46 |
| Total Assets (A + B) | | 70,927.88 | 54,193.83 |
| EQUITY AND LIABILITIES | | | |
| A) Equity | | | |
| Equity Share Capital | Note 18 | 1,533.00 | 1,533.00 |
| Other Equity | Note 19 | 49,311.71 | 39,312.34 |
| Total Equity (A) | | 50,844.71 | 40,845.34 |
| Liabilities | | | |
| B) Non Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | Note 20 | 9,282.18 | - |
| - Others | Note 21 | 390.92 | - |
| Deferred Tax Liabilities (Net) | Note 22 | 40.53 | - |
| Total Non Current Liabilities (B) | | 9,713.63 | - |
| C) Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | Note 23 | 2,019.15 | 5,360.92 |
| - Trade Payables | Note 24 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 344.62 | 544.47 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,887.09 | 6,385.35 |
| - Others | Note 25 | 1,650.41 | 109.94 |
| Other Current Liabilities | Note 26 | 318.77 | 233.97 |
| Provisions | Note 27 | 446.60 | 216.50 |
| Current tax liabilities (Net) | Note 28 | 702.90 | 497.34 |
| Total Current Liabilities (C) | | 10,369.54 | 13,348.49 |
| Total Equity and Liabilities (A + B + C) | | 70,927.88 | 54,193.83 |

The accompanying notes **1 to 49** are integral part of the standalone financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Standalone Statement of Profit & Loss

for the year ended March 31, 2019

(₹ in lakhs)

| Particulars | Notes | Figures for the year ended March 31, 2019 | Figures for the year ended March 31, 2018 |
|---|-----------|---|---|
| INCOME | | | |
| Revenue from Operations | Note 29 | 1,04,397.20 | 86,513.25 |
| Other Income | Note 30 | 2,022.99 | 1,638.09 |
| Total Income | | 1,06,420.19 | 88,151.34 |
| EXPENSES | | | |
| Cost of Materials Consumed | Note 31 | 64,783.84 | 54,821.66 |
| Purchase of Stock-in-trade | Note 31.1 | 11.47 | 60.39 |
| Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress | Note 32 | 649.36 | 805.91 |
| Excise Duty | | - | 884.75 |
| Employee Benefits Expense | Note 33 | 5,988.60 | 4,903.94 |
| Finance Costs | Note 34 | 179.05 | 312.25 |
| Depreciation & Amortisation Expenses | Note 35 | 1,744.84 | 2,003.92 |
| Other Expenses | Note 36 | 10,738.75 | 8,639.00 |
| Total Expenses | | 84,095.91 | 72,431.82 |
| Profit / (Loss) before exceptional items and tax | | 22,324.28 | 15,719.52 |
| Profit / (Loss) before tax | | 22,324.28 | 15,719.52 |
| Tax Expenses | | | |
| Current Tax | Note 37 | 8,000.00 | 5,650.00 |
| Deferred Tax Expense / (Income) | Note 38 | 696.68 | (81.99) |
| Short / (Excess) provision for earlier years | | 726.23 | 18.01 |
| PROFIT / (LOSS) FOR THE YEAR | | 12,901.37 | 10,133.50 |
| Other Comprehensive Income | | | |
| (A) (i) Items that will not be reclassified to Profit or Loss | | | |
| (a) Changes in fair value of Equity instruments through OCI | | (0.38) | - |
| (b) Remeasurements of Loss on defined employees benefits plan | | (98.86) | (23.84) |
| (c) Amount recognised in Cashflow Hedging Reserve during the year | | (390.92) | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 171.28 | 8.25 |
| Total Other Comprehensive Income | | (318.88) | (15.59) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 12,582.49 | 10,117.91 |
| Earnings Per Equity Share | Note 39 | | |
| Basic | | 42.08 | 33.05 |
| Diluted | | 42.08 | 33.05 |

The accompanying notes **1 to 49** are integral part of the standalone financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Statement of Changes in Equity

for the year ended March 31, 2019

A) Equity Share Capital

(₹ in lakhs)

| Particulars | No. of Shares | Amounts |
|--|--------------------|-----------------|
| Equity Share Capital at the beginning of the year i.e. April 01, 2018 | 3,06,59,976 | 1,533.00 |
| Add / (Less) : Changes in equity share capital during the year 2018-19 | - | - |
| Equity Share Capital at the end of the year i.e. March 31, 2019 | 3,06,59,976 | 1,533.00 |

B) Other Equity

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | | Other Comprehensive Income | Total |
|---|----------------------|----------------------|--------------------|-------------------|----------------------------|------------------|
| | General Reserve | Amalgamation Reserve | Securities Premium | Retained Earnings | | |
| Balance as at April 01, 2017 | 473.87 | 1,155.24 | *0.00 | 31,372.64 | (17.70) | 32,984.05 |
| Add: Profit for the year | - | - | - | 10,133.50 | - | 10,133.50 |
| Add: Other Comprehensive Income (net of tax) | - | - | - | - | (15.59) | (15.59) |
| Total Comprehensive Income for the year | 473.87 | 1,155.24 | *0.00 | 41,506.14 | (33.29) | 43,101.96 |
| Less: Utilised for Bonus issue of Equity shares | 473.87 | - | *0.00 | 548.13 | - | 1,022.00 |
| Less: Dividend Paid on Equity shares | - | - | - | 2,299.50 | - | 2,299.50 |
| Less: Dividend Distribution Tax | - | - | - | 468.12 | - | 468.12 |
| Balance as at March 31, 2018 | - | 1,155.24 | - | 38,190.39 | (33.29) | 39,312.34 |
| Add: Profit for the year | - | - | - | 12,901.37 | - | 12,901.37 |
| Add: Other Comprehensive Income (net of tax) | - | - | - | - | (318.88) | (318.88) |
| Total Comprehensive Income for the year | - | 1,155.24 | - | 51,091.76 | (352.17) | 51,894.83 |
| Less: Dividend Paid on Equity shares | - | - | - | 2,146.20 | - | 2,146.20 |
| Less: Dividend Distribution Tax | - | - | - | 436.92 | - | 436.92 |
| Balance as at March 31, 2019 | - | 1,155.24 | - | 48,508.64 | (352.17) | 49,311.71 |

* Denoted as amount below ₹1000/-

The accompanying notes **1 to 49** are integral part of the standalone financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

| Particulars | Figures for the Year ended | | Figures for the Year ended | |
|---|----------------------------|------------------|----------------------------|------------------|
| | March 31, 2019 | | March 31, 2018 | |
| Net Profit Before Tax | | 22,324.28 | | 15,719.53 |
| A} Cash flows from operating activities | | | | |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,736.35 | | 1,999.84 | |
| Amortisation of intangible assets | 8.49 | | 4.08 | |
| Loss / (Profit) on sale of fixed assets (net) | (3.61) | | (13.07) | |
| Interest income | (377.55) | | (46.03) | |
| Interest expense | 327.79 | | 207.77 | |
| Remeasurement of Employees benefit Plans | (98.86) | | (23.84) | |
| Net loss/ (gain) on foreign exchange fluctuations (unrealised) | (1,423.04) | | (1,327.30) | |
| Lease rent on Leasehold Properties | 3.56 | | 25.07 | |
| | | 173.13 | | 826.52 |
| Operating profit before working capital movements | | 22,497.41 | | 16,546.05 |
| Movements in working capital: | | | | |
| Decrease / (Increase) in Inventories | 430.93 | | 514.69 | |
| Decrease / (Increase) in Trade Receivables | (590.25) | | (4,077.89) | |
| Decrease / (Increase) in Other Bank Balances | 61.70 | | 224.16 | |
| Decrease / (Increase) in Current Financial Assets : Others | 16.21 | | (0.19) | |
| Decrease / (Increase) in Other Current Assets | 560.47 | | (2,579.58) | |
| Decrease / (Increase) of Current Financial Liabilities : Borrowings | (3,341.78) | | 1,334.69 | |
| (Decrease) / Increase in Trade Payables | (1,698.11) | | 168.72 | |
| (Decrease) / Increase in Current Financial Liabilities : Others | 14.64 | | 18.78 | |
| (Decrease) / Increase in Other current liabilities | 84.80 | | (840.59) | |
| (Decrease) / Increase in Current Provisions | 230.10 | | 216.50 | |
| | | (4,231.29) | | (5,020.71) |
| Cash generated from operations | | 18,266.12 | | 11,525.34 |
| Income tax paid | | (8,547.64) | | (5,087.34) |
| Net cash flows from operating activities (A) | | 9,718.48 | | 6,438.00 |

Cash Flow Statement for the year ended March 31, 2019 (Contd.)

(₹ in lakhs)

| Particulars | Figures for the Year ended | Figures for the Year ended |
|---|-------------------------------|-------------------------------|
| | March 31, 2019 | March 31, 2018 |
| B} Cash flows (used in) / generated from investing activities | | |
| Purchase of property, plant and equipment, including CWIP | (8,177.33) | (4,026.06) |
| Prepaid rent in leasehold properties | (1,110.99) | - |
| (Advances given)/received back for Capital Goods | 54.60 | (1,165.36) |
| Purchase of intangible assets | (16.32) | (9.76) |
| Proceeds from sale of property, plant and equipment | 6.46 | 23.59 |
| Additional Investment in Bank Fixed Deposits | (149.15) | (18.25) |
| Additional Investment in Joint Ventures | (271.29) | - |
| Interest received | 324.94 | (6.66) |
| Net cash flows used in investing activities (B) | (9,339.08) | (5,202.50) |
| C} Net cash flows (used in)/ generated from financing activities | | |
| Proceeds from Non Current Borrowings | 10,808.02 | - |
| Advances given to / (received Back) from Subsidiaries | 39.67 | (12.35) |
| Security Deposit received back / (given) | (75.17) | (41.73) |
| Advance given to Employees | (4.08) | (23.26) |
| Dividend and Dividend distribution tax paid | (2,583.11) | (2,767.62) |
| Interest paid | (327.79) | (207.77) |
| Net loss/ (gain) on foreign exchange fluctuations | 1,423.04 | 1,327.30 |
| Net cash flows (used in)/from financing activities (C) | 9,280.57 | (1,725.43) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 9,659.97 | (489.93) |
| Cash and cash equivalents at the beginning of the year | 538.06 | 1,027.98 |
| Cash and cash equivalents at the year end {refer to note no. 13} | 10,198.03 | 538.05 |
| Components of cash and cash equivalents : | | |
| Balances with banks | | |
| In Current Account | 1,668.37 | 215.89 |
| In Exchange Earning Foreign Currency Account | 934.41 | 302.66 |
| In Fixed Deposit Account | 7,574.92 | 3.65 |
| Cash on hand | 20.33 | 15.85 |
| | 10,198.03 | 538.05 |

The accompanying notes **1 to 49** are integral part of the standalone financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Notes Forming Integral Part of the Financial Statements

1. CORPORATE INFORMATION

Fine Organic Industries Limited {formerly known as “Fine Organic Industries Private Limited“} is a Public Limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The Company was converted into Public Company with effect from November 02, 2017 and consequently the name of the Company has changed from Fine Organics Industries Private Limited to Fine Organic Industries Limited. The registered office of the Company is situated in the State of Maharashtra.

The standalone Financial Statements were approved and authorised for issue with the resolution of the Board of Directors on May 27, 2019 and are subject to the approval of Shareholders in the Annual General Meeting.

The Company carries on business in India and abroad, as manufacturers, processors, suppliers, distributors, dealers, importers, exporters of wide range of oleochemical-based additives used in foods, plastics, cosmetics, coatings and other specialty application in various industries.

The Company has completed Initial Public offering (IPO) of 76,64,994 shares of ₹ 5/- each at an offer price of ₹ 783/- per Equity Share aggregating to ₹60,017/- lakhs through offer for sale. Equity shares of the Company were listed on July 2, 2018 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The accompanying standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 notified under section 133 of the Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act.

2.2 Functional and presentation currency

These standalone Financial Statements are presented in Indian rupees, which is also the Company’s functional currency. All amounts have been reported in INR, unless otherwise indicated.

2.3 Basis of measurement

The standalone Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- Net defined benefit (assets)/ liabilities that are measured at fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

The preparation of the standalone Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which

The Company has following investments in Subsidiaries & Joint Ventures.

| Particulars | Name of Entity | | | |
|--|--------------------------|---------------------------|--------------------------------|--------------------------|
| | Fine Organics (USA), Inc | Fine Organics Europe BVBA | Fine Zeelandia Private Limited | FineADD Ingredients GmbH |
| Principal place of business and Country of incorporation | United States of America | Belgium | India | Germany |
| Investee relationship | Subsidiary Company | Subsidiary Company | Joint Venture | Joint Venture |
| Proportion of ownership interest | 100.00% | 99.46% | 50.00% | 50.00% |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2019 are as follows:

a) Property, plant and equipment

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act except plant & machineries, which in the opinion of the Management represent the useful lives as they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) Revenue from contracts with customers

The Company's contracts with customers include promises to transfer goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future

performance obligations and whether costs are expected to be recovered.

c) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

d) Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits, if any. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

e) Contingent liabilities, Commitments and Litigations

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Litigation

From time to time, the Company might be subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made, and

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both Financial and non-Financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a Financial asset or a Financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level-1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level-2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level-3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company

recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.7 Current / non-current classification

An entity shall classify an asset as current when:

- a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- b) It holds the asset primarily for the purpose of trading;
- c) It expects to realise the asset within twelve months after the reporting period; or
- d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

- a) It expects to settle the liability in its normal operating cycle;
- b) It holds the liability primarily for the purpose of trading;
- c) The liability is due to be settled within twelve months after the reporting period; or
- d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

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

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment (PPE)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by Management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Gains or losses arising from derecognition of a property, plant and equipment 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 and Loss when the asset is derecognised.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital advances under "Other non-current assets".

Leasehold rent payable to MIDC relating to new project, during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Current assets and the same will be amortised over a period of 5 years from the year of commencement of project.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated on pro-rata basis using the diminishing balance method on cost of items of property, plant and equipment less their estimated residual values over the estimated residual useful lives based on Schedule II of the Companies Act, 2013 except for plant & machinery.

In case of plant & machinery, based on internal assessment, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets may be different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. 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.

The estimated useful lives of items of property, plant and equipment are as follows:

| Tangible Assets | Useful lives as per Schedule II |
|-------------------------|--|
| Buildings | 30 Years |
| Computers | 3 Years |
| Plant & Machinery | 5 - 15 Years |
| Furniture and Fixtures | 10 Years |
| Electrical Installation | 10 Years |
| Motor Cars & Vehicles | 8 Years |
| Office Equipments | 5 Years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.2 Intangible Assets

Recognition and measurement

Intangible assets comprise of computer software and patents, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the diminishing value method over their estimated useful lives and is included in depreciation and amortisation in the Statement of profit and loss.

Intangible assets are amortised over the estimated useful lives as given below:

| Intangible Assets | Useful life |
|-------------------|-------------|
| Computer Software | 3 Years |
| Patents | 10 Years |

3.3 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale less any investment income on the temporary investment of those borrowings.

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

3.4 Impairment of Non-Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

3.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for Financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

Minimum Alternate Tax (MAT) credit is recognised as a Deferred Tax Asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods, consumables and stores & spares are carried at the lower of cost and net realisable value.

The cost of inventories is based on weighted average basis and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity of production facilities.

Net realisable value is 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.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

3.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and less than 12 months which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

3.8 Trade Payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of Financial year which are unpaid. Trade and other payables are reported as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.9 Financial instruments

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

Financial assets

Initial recognition and measurement

All Financial assets are recognised initially at fair value plus, in the case of Financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial asset.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

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

Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A Financial asset is measured at amortised cost using the effective interest rate method, if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A Financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial assets and 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.

c) Financial assets at fair value through profit or loss (FVTPL)

A Financial asset which is not classified in any of the above categories is measured at FVTPL.

Investment in subsidiaries, Associates and Joint Ventures

The Company has opted to account for its investments in subsidiaries, associates and joint venture at cost less provision for diminution other than temporary.

Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has made an irrevocable choice to present the value changes in 'Other Comprehensive Income'.

Impairment of Financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the Financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables, Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Company uses 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

All Financial liabilities are recognised at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

a) **Derivative financial instruments and Hedge Accounting**

The Company uses various derivative financial instruments such as forwards, options and Interest rate swaps to mitigate the risk of changes in exchange rates and Interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as Financial assets when the fair value is positive and as Financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

In case of loss / gains from interest rate swaps, directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedge

The Company designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge

accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair value hedge

The Company designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

b) **Derecognition of financial instruments**

The Company derecognises a Financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a Financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

c) **Offsetting**

Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company has legally enforceable right to set off the amount and it intends, either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

3.10 Business Combinations

Business combinations are accounted for using Ind AS 103 Business combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their respective fair value at the acquisition date, except certain assets and liabilities required to be measured as per applicable standards. Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as Goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, as Capital reserve i.e. Amalgamation reserve.

Business combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value, no adjustment are made to reflect fair values, or recognise any new assets or liabilities. The identity of the reserves is preserved and appears in the Financial Statements of the transferee in the same form in which they appeared in the Financial Statements of the transferor.

3.11 Revenue recognition

Revenue from contracts with customers

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the

estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Sale of products

Revenue from sale of goods is recognised on the basis of approved contracts, when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and acceptance by the buyer. Any additional amount based on the terms of the agreement entered into with customers, is recognised in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company does not provide any warranties or maintenance contracts to its customers.

As per erstwhile Ind AS 18, the Company has assumed that recovery of excise duty (up to June 2017) flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

Variable consideration

This includes incentives, volume rebates, discounts etc. It 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. It is reassessed at end of each reporting period.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Cost to obtain a contract

The Company pays sales commission to its selling agents for each contract that they obtain for the Company. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised.

Other operating revenues

Other operating revenue mainly consists of Sale of scrap arising from the production of finished goods.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the Financial asset or to the amortised cost of a Financial liability.

Interest income is included in finance income in the Statement of profit and loss.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Insurance and other claims

Revenue in respect of insurance and other claim is recognised only on reasonable certainty of ultimate collection.

3.12 Foreign Currencies

The Financial Statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its 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 profit or loss.

3.13 Employee benefits

Short term employee benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are reported as current employee benefits payable in the balance sheet.

Post-employment benefits

a) Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Employee Benefit Expense in the Statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

b) Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

3.14 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the Management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

3.16 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.17 Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.18 Ind AS yet to be notified

Ind AS 116 - Leases

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessees. This will result in the Company recognising right of use assets representing its right to use the underlying asset and lease liability representing its obligation to make lease payments in the books. The Company will recognise new assets and liabilities for certain operating leases of land, offices and warehouse. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities as per provisions of Ind AS 116. There are recognition exemptions for short-term leases and leases of low-value items.

The Company is in the process of carrying out a detailed assessment of Ind AS 116 and consequently

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable presently.

The amendment will come into force from April 01, 2019 and the Company plans to apply this using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

3.19 Amendments in existing Ind AS

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments

under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Employee benefits

The amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect any impact from this amendment.

Ind AS 103 – Business combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 4 - NON CURRENT ASSETS : PROPERTY PLANT AND EQUIPMENT (PPE)

(₹ in lakhs)

| Particulars | Factory / Research Centre Building | Residen- tial Premises | Office Premises | Factory Flat / Land | Plant and Equip- ments | Electrical Equip- ments | Labora- tory Equip- ments | Office Equip- ments | Furniture & Fixtures | Computer | Vehicles | Total Property Plant and Equipment |
|-------------------------------------|---|------------------------------|--------------------|---------------------------|------------------------------|-------------------------------|------------------------------------|---------------------------|----------------------------|---------------|---------------|---|
| Gross Carrying Amount | | | | | | | | | | | | |
| Balance as at April 01, 2017 | 8,395.28 | 77.44 | 92.35 | 2.76 | 10,545.55 | 950.51 | 636.68 | 436.64 | 645.90 | 440.65 | 678.06 | 22,901.82 |
| Add: Additions during the year | 203.74 | - | - | - | 608.96 | 23.20 | 7.37 | 72.80 | 11.25 | 70.70 | 140.29 | 1,138.31 |
| Less: Disposals/ adjustments | - | - | - | - | 8.59 | - | - | - | - | - | 79.88 | 88.47 |
| Balance as at March 31, 2018 | 8,599.02 | 77.44 | 92.35 | 2.76 | 11,145.92 | 973.71 | 644.05 | 509.44 | 657.15 | 511.35 | 738.47 | 23,951.65 |
| Add: Additions during the year | 92.08 | - | - | - | 258.64 | 25.68 | 39.64 | 49.96 | 4.31 | 40.10 | 205.31 | 715.72 |
| Less: Disposals/ adjustments | - | - | - | - | - | - | - | - | - | - | 24.41 | 24.41 |
| Balance as at March 31, 2019 | 8,691.10 | 77.44 | 92.35 | 2.76 | 11,404.56 | 999.39 | 683.69 | 559.40 | 661.46 | 551.45 | 919.37 | 24,642.97 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance as at April 01, 2017 | 3,298.85 | 7.77 | 59.71 | 1.09 | 7,316.49 | 613.24 | 490.22 | 271.51 | 432.83 | 307.09 | 425.80 | 13,224.60 |
| Add: Depreciation for the year | 494.30 | 3.38 | 1.59 | 0.08 | 1,047.60 | 93.79 | 35.37 | 82.64 | 54.35 | 92.90 | 93.84 | 1,999.84 |
| Less: Disposals/ adjustments | - | - | - | - | 5.08 | - | - | - | - | - | 72.86 | 77.94 |
| Balance as at March 31, 2018 | 3,793.15 | 11.15 | 61.30 | 1.17 | 8,359.01 | 707.03 | 525.59 | 354.15 | 487.18 | 399.99 | 446.78 | 15,146.50 |
| Add: Depreciation for the year | 456.84 | 3.22 | 1.52 | 0.08 | 859.73 | 72.13 | 36.31 | 71.65 | 40.06 | 73.25 | 121.56 | 1,736.35 |
| Less: Disposals/ adjustments | - | - | - | - | - | - | - | - | - | - | 21.57 | 21.57 |
| Balance as at March 31, 2019 | 4,249.99 | 14.37 | 62.82 | 1.25 | 9,218.74 | 779.16 | 561.90 | 425.80 | 527.24 | 473.24 | 546.77 | 16,861.28 |
| Net Carrying Amount | | | | | | | | | | | | |
| Balance as at March 31, 2018 | 4,805.87 | 66.29 | 31.05 | 1.60 | 2,786.92 | 266.69 | 118.46 | 155.29 | 169.97 | 111.36 | 291.69 | 8,805.15 |
| Balance as at March 31, 2019 | 4,441.12 | 63.08 | 29.53 | 1.51 | 2,185.82 | 220.23 | 121.80 | 133.60 | 134.22 | 78.21 | 372.60 | 7,781.69 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 5 - NON CURRENT ASSETS : CAPITAL WORK IN PROGRESS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Balance as at the beginning of the year | 3,167.49 | 279.74 |
| Additions during the year | 7,946.12 | 3,706.69 |
| Capitalisation during the year | 484.52 | 818.94 |
| Balance as at the end of the year | 10,629.09 | 3,167.49 |

NOTE 5.1 - DISCLOSURE FOR COSTS PERTAINING TO EXTERNAL COMMERCIAL BORROWING TRANSFERRED TO CWIP

The Company has obtained External Commercial Borrowing (ECB) for the purpose of capital expenditure. Accordingly, the exchange difference on retranslation of principal amount of ECB, interest expenses on ECB after netting off the interest income on fixed deposit, placed out of unutilised fund from ECB and interest rate swap premium till the date of commencement of project has been added to CWIP.

NOTE 5.2 - DISCLOSURE FOR AMOUNT TRANSFERRED TO CWIP

Purchase price of assets under construction along with the installation expenses are booked under Capital Work in Progress till the date of capitalisation of the project. Further, the borrowing cost, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets and other indirect expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as expenses in capital nature and disclosed under Capital Work - in - Progress (CWIP).

NOTE 6 - NON CURRENT ASSETS : INTANGIBLE ASSETS

(₹ in lakhs)

| Particulars | Software | Patents | Total Intangible Assets |
|-------------------------------------|--------------|--------------|-------------------------|
| Gross Carrying Amount | | | |
| Balance as at April 01, 2017 | 13.59 | 18.45 | 32.04 |
| Add: Additions during the year | 3.43 | 6.33 | 9.76 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2018 | 17.02 | 24.78 | 41.80 |
| Add: Additions during the year | 13.68 | 2.64 | 16.32 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2019 | 30.70 | 27.42 | 58.12 |
| Accumulated Depreciation | | | |
| Balance as at April 01, 2017 | 8.89 | 2.14 | 11.03 |
| Add: Depreciation for the year | 1.99 | 2.10 | 4.09 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2018 | 10.88 | 4.24 | 15.12 |
| Add: Depreciation for the year | 5.69 | 2.80 | 8.49 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2019 | 16.57 | 7.04 | 23.61 |
| Net Carrying Amount | | | |
| Balance as at March 31, 2018 | 6.14 | 20.54 | 26.68 |
| Balance as at March 31, 2019 | 14.13 | 20.38 | 34.51 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 7 - NON CURRENT FINANCIAL ASSETS : INVESTMENTS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Unquoted Investment in Equity instruments of Subsidiaries (at Cost) | | |
| (i) Fine Organics (USA), Inc. {includes ₹235.93 lakhs (P.Y. ₹251.95/- lakhs) notional interest as per IndAS 109 'Financial Instruments' issued by MCA} (Current Year: 1,000 shares of \$ 1 each fully paid up) (Previous Year : 1,000 shares of \$ 1 each fully paid up) | 236.55 | 252.58 |
| (ii) Fine Organics Europe BVBA {includes ₹ 13.80/- lakhs (P.Y. ₹32.60 lakhs) notional interest as per IndAS 109 'Financial Instruments' issued by MCA} (Current Year: 185 shares of Euro 100 each fully paid up) (Previous Year: 185 shares of Euro 100 each fully paid up) | 28.03 | 46.83 |
| Unquoted Investment in Equity instruments of Jointly Controlled Entity (at Cost) | | |
| (i) Fine Zeelandia Private Limited (Current Year: 1,31,84,250 shares of ₹ 10/- each fully paid up) (Previous Year: 1,12,84,250 shares of ₹ 10/- each fully paid up) | 1,318.43 | 1,128.43 |
| (ii) FineADD Ingredients GmbH (Current Year: 1,000 shares of Euro 100 each fully paid up) (Previous Year: Nil shares) | 81.29 | - |
| Unquoted Investment in Equity Instruments at FVTOCI | | |
| (i) Saraswat Co-Operative Bank Limited (Current Year: 2,500 shares of ₹ 10/- each fully paid up) (Previous Year: 2,500 shares of ₹ 10/- each fully paid up) | 4.78 | 5.15 |
| Total | 1,669.08 | 1,432.99 |

NOTE 8 - NON CURRENT FINANCIAL ASSETS : LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Advances to Subsidiaries (Amortised Cost) {refer to note no. 41(b)} | 543.96 | 496.19 |
| Loan to employees | 100.82 | 96.74 |
| Total | 644.78 | 592.93 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 9 - NON CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Security Deposits rent (amortised cost) | 31.96 | 15.87 |
| Fixed Deposits with Bank (original maturity more than 12 months) | 176.07 | 26.92 |
| Total | 208.03 | 42.79 |

NOTE 10 - OTHER NON CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Capital advances (unsecured, considered good) | 3,568.40 | 3,623.00 |
| Security Deposits | 213.62 | 154.55 |
| Income tax refund receivables | 17.42 | 50.88 |
| Prepaid rent on Leasehold land & premises | 3,247.47 | 2,140.04 |
| Total | 7,046.91 | 5,968.47 |

NOTE 11 - CURRENT ASSETS : INVENTORIES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Raw materials and Packing materials | 4,537.50 | 4,459.65 |
| Semi-finished goods | 281.60 | 147.42 |
| Trading goods | - | 0.34 |
| Finished goods | 2,090.75 | 2,873.95 |
| Consumables | 43.61 | 39.40 |
| Stores & spares | 946.75 | 810.38 |
| Total | 7,900.21 | 8,331.14 |

NOTE 12 - CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured, considered good | - | - |
| Unsecured:- | | |
| Considered good | 13,942.69 | 13,470.87 |
| From related parties {refer to note no. 41(b)} | 2,755.78 | 2,637.35 |
| Which have significant increase in Credit risk | 117.57 | 205.00 |
| Less: Allowance for Expected Credit Loss | 117.57 | 205.00 |
| Total | 16,698.47 | 16,108.22 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 13 - CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Balances with Banks | | |
| In Current account | 1,668.37 | 215.89 |
| In Exchange Earning Foreign Currency account | 934.41 | 302.66 |
| In Fixed Deposit Account {refer to note no. 13.1} (With original maturity of less than 3 Months) | 7,574.92 | 3.65 |
| Cash on hand | 20.33 | 15.85 |
| Cash and cash equivalents in the statement of cash flows | 10,198.03 | 538.05 |

NOTE 13 .1 - DISCLOSURE OF FIXED DEPOSITS

Includes ₹ 3,800.00 lakhs (Previous Year : NIL) created out of unutilised Foreign Currency Borrowings.

NOTE 14 - CURRENT FINANCIAL ASSETS : BANK BALANCES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Balances with Banks | | |
| In Fixed Deposits (with original maturity of more than 3 months and 12 months or less) | 108.74 | 170.43 |
| Total | 108.74 | 170.43 |

NOTE 15 - CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured, Considered Good | | |
| Security Deposits | 27.55 | 43.76 |
| Total | 27.55 | 43.76 |

NOTE 16 - CURRENT ASSETS : CURRENT TAX ASSETS (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Income tax (Net of provision for income tax) | 437.22 | 376.82 |
| Total | 437.22 | 376.82 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 17 - OTHER CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Prepaid expenses | 200.28 | 190.48 |
| Balance with Statutory / Government authorities * | 5,082.97 | 3,840.52 |
| Insurance claim receivable | - | 88.26 |
| Gratuity Fund balance with LIC of India | 28.07 | 16.90 |
| Other advances (including advance to suppliers) | 2,232.25 | 3,967.88 |
| Total | 7,543.57 | 8,104.04 |

* Balances with Government authorities primarily include amounts realisable from GST, the unutilised GST input tax credits. These are generally realised within one year or regularly utilised. Accordingly, these balances have been classified as "Other Current Assets".

NOTE 18 - EQUITY SHARE CAPITAL

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Authorised | | |
| 4,00,00,000 Equity Shares of ₹5/- each (#) | 2,000.00 | 2,000.00 |
| (Previous Year: 4,00,00,000 Equity Shares of ₹5/- each) | | |
| Total | 2,000.00 | 2,000.00 |
| Issued, Subscribed and Paid-up | | |
| 3,06,59,976 Equity Shares of ₹ 5/- each | 1,533.00 | 1,533.00 |
| (Previous Year: 3,06,59,976 Equity Shares of ₹ 5/- each) | | |
| Total | 1,533.00 | 1,533.00 |

(#) As per the Scheme of Amalgamation, the authorised share capital of the Transferor Companies, Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") amounting to 1,00,000 shares of ₹ 10 each are transferred to and merged with the authorised share capital of the Amalgamated Company. Also refer to note no. 18.6 regarding sub-division of shares.

NOTE 18.1 - RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Number of shares at the beginning of the year | 3,06,59,976 | 48,29,996 |
| Add: Issued on account of Amalgamation with FRDCPL & FSSPL | - | 2,80,000 |
| Add: Issued on account of Bonus issue | - | 1,02,19,992 |
| Add: Issued on account of Subdivision of shares {refer to note no. 18.6} | - | 1,53,29,988 |
| Number of shares at the end of the year | 3,06,59,976 | 3,06,59,976 |

NOTE 18.2 - TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 18.3 - DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES OF THE COMPANY

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | Numbers of Shares | % in Share Capital | Numbers of Shares | % in Share Capital |
| Mukesh Maganlal Shah | 17,64,045 | 5.75% | 25,88,442 | 8.44% |
| Prakash Damodar Kamat | 44,52,835 | 14.52% | 59,82,840 | 19.51% |
| Jayen Ramesh Shah | 34,23,627 | 11.17% | 49,53,630 | 16.16% |
| Jyotsna Ramesh Shah | 43,25,886 | 14.11% | 58,70,862 | 19.15% |
| Bimal Mukesh Shah | 21,16,827 | 6.90% | 28,22,436 | 9.21% |
| Tushar Ramesh Shah | 36,99,182 | 12.07% | 52,29,186 | 17.06% |

NOTE 18.4 - DETAILS OF SHARES RESERVED FOR OPTIONS AND CONTRACTS / COMMITMENTS FOR SALE OF SHARES / DISINVESTMENT

The Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / disinvestment.

NOTE 18.5 - DETAILS OF CALLS UNPAID

There is no calls unpaid.

NOTE 18.6 - SUBDIVISION OF SHARES

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 2 shares of face value of ₹5/- each for every existing 1 share of the face value of ₹10/- each.

The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on November 06, 2017.

NOTE 18.7 - AGGREGATE NUMBER OF BONUS SHARES ISSUED, SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH DURING THE PERIOD OF FIVE YEARS IMMEDIATELY PRECEDING THE REPORTING DATE

- (i) The company has issued 2,80,000 Equity Shares of ₹10/- Each in Financial year 2016-17 for consideration other than cash to the shareholders of Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") on account of Amalgamation.

(Previous year: 2,80,000 Equity shares of ₹10/- each)

- (ii) During the year ended March 31, 2018, the company has issued 1,02,19,992 Equity shares of ₹10/- each (Pre Subdivision of shares) pursuant to the bonus issue of shares vide special resolution approved by the shareholders dated October 16, 2017.

The Company has allotted 2 (Two) Fully paid up equity shares of ₹10/- each for every 1 (One) Equity shares held by the shareholders (Including shares issued to the shareholders on account of Amalgamation with FRDCPL & FSSPL).

Later on as per special resolution dated November 06, 2017 such shares are sub divided in to the ratio of 2 (Two) shares of face value of ₹5/- each for every existing 1 (One) share of the face value of ₹10/- each.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 19 - OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (a) General reserve (#) | | |
| Balance as at the beginning of year | - | 473.87 |
| Less: Utilised for the purpose of Bonus issue | - | 473.87 |
| Balance as at the end of the year | - | - |
| (b) Amalgamation reserve | 1,155.24 | 1,155.24 |
| (Includes ₹4.23 lakhs on account of Amalgamation) | | |
| (c) Securities premium account | | |
| Balance as at the beginning of year | - | *0.00 |
| Less: Utilised for the purpose of Bonus issue | - | *0.00 |
| Balance as at the end of the year | - | - |
| (d) Retained Earnings (\$) | | |
| Balance as at the beginning of year | 38,190.39 | 31,372.64 |
| Add: Profit for the year | 12,901.37 | 10,133.50 |
| Less: Utilised for the purpose of Bonus Issue | - | 548.13 |
| Dividend paid on Equity shares | 2,146.20 | 2,299.50 |
| Dividend Distribution Tax Paid | 436.92 | 468.12 |
| Balance as at the end of the year | 48,508.64 | 38,190.39 |
| (e) Other Comprehensive Income | | |
| Balance as at the beginning of year | (33.29) | (17.70) |
| Add: Other Comprehensive Income for the year | (318.88) | (15.59) |
| Balance as at the end of the year | (352.17) | (33.29) |
| Total (a + b + c + d + e) | 49,311.71 | 39,312.34 |

* Denoted as amount below ₹1000/-

(#) Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to General Reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

(\$) Retained Earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

NOTE 20 - NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured Loans | | |
| Foreign Currency Borrowings - External Commercial Borrowings | | |
| From Bank {refer to note no. 20.1} | 10,808.02 | - |
| Less : Current maturity {refer to note no. 25} | (1,525.84) | - |
| Total | 9,282.18 | - |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 20.1 - DISCLOSURE TO NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

- (i) The Foreign Currency Borrowings is secured against exclusive charge on specific Land & Building and Plant & Machineries of the borrower at plot no. N-42/1, MIDC, Anand Nagar, Additional Ambarnath Industrial Area, Ambarnath - 421501, Maharashtra.
- (ii) Remaining tenure of the borrowing is 45 Months
- (iii) Uncommitted amount from Foreign Currency Borrowings is USD 31.25 lakhs and same is expected to be raised during FY 2019-20.

NOTE 21 - NON CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Derivatives designated as hedge | | |
| Interest rate swaps | 390.92 | - |
| Total | 390.92 | - |

NOTE 22 - DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Tax effect of items constituting deferred tax liabilities | | |
| Property, Plant and Equipments & Intangible Assets | 237.37 | 2.42 |
| Others | 68.11 | 106.02 |
| Gross Deferred Tax Liability (a) | 305.48 | 108.44 |
| Tax effect of items constituting deferred tax assets | | |
| Property, Plant and Equipments & Intangible Assets | - | 447.29 |
| Others | 264.95 | 146.02 |
| Gross Deferred Tax Asset (b) | 264.95 | 593.31 |
| Deferred Tax Assets (Net) | 40.53 | (484.87) |

NOTE 23 - CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Secured Loans | | |
| From Scheduled Banks repayable on demand | | |
| Cash Credit facility {refer to note no. 23.1} | 2,019.15 | 5,360.92 |
| Total | 2,019.15 | 5,360.92 |

NOTE 23.1 - DISCLOSURE TO CURRENT FINANCIAL LIABILITIES : BORROWINGS

Secured Loans from banks on Cash Credit are secured by way of hypothecation of stocks of raw materials, finished products, stores and work-in-progress as well as book debts.

NOTE 24 - CURRENT FINANCIAL LIABILITIES : TRADE PAYABLES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Outstanding due to Micro and Small Enterprises {refer to note no. 24.1} | 344.62 | 544.47 |
| Others | 4,887.09 | 6,385.35 |
| Total | 5,231.71 | 6,929.82 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 24.1 - DISCLOSURE TO TRADE PAYABLE

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro enterprises and small enterprises amounting to ₹344.62 lakhs (Previous Year: ₹544.47 lakhs). The disclosure pursuant to MSMED Act based on the books of account is as under:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (i) Principal amount due and remaining unpaid | 344.62 | 544.47 |
| (ii) Interest due on above and the unpaid interest | 4.67 | 1.91 |
| (iii) Interest paid in terms of Section 16 of MSMED Act | - | - |
| (iv) Amount of payments made to supplier beyond the appointed day | - | - |
| (v) Amount of interest due and payable for the period of delay on payment made beyond the appointed day during the year without adding interest specified under MSMED Act, 2006 | - | - |
| (vi) Amount of Interest accrued and remaining unpaid | 4.67 | 1.91 |
| (vii) Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the MSMED Act, 2006 | - | - |

NOTE 25 - CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Current maturities of long-term borrowings | 1,525.84 | - |
| Trade / Security deposits to supplier | 124.32 | 109.94 |
| Dividend payable | 0.25 | - |
| Total | 1,650.41 | 109.94 |

NOTE 26 - OTHER CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Statutory dues liabilities | 94.91 | 59.48 |
| Contractual liabilities {refer to note no. 29.1} | 152.71 | 151.72 |
| Other liabilities | 71.15 | 22.77 |
| Total | 318.77 | 233.97 |

NOTE 27 - CURRENT LIABILITIES : PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Provision for CSR expenses {refer to note no. 36.1} | 446.60 | 216.50 |
| Total | 446.60 | 216.50 |

NOTE 28 - CURRENT LIABILITIES : CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Income tax (net of income tax paid) | 702.90 | 497.37 |
| Total | 702.90 | 497.37 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 29 - REVENUE FROM OPERATIONS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| (A) Revenue from contracts with customers | | |
| Sales - Specialty Chemicals | 1,03,368.37 | 85,227.41 |
| Sales - Others | 1,028.62 | 1,284.10 |
| Total [A] | 1,04,396.99 | 86,511.51 |
| (B) Other operating revenue | | |
| Income from sale of Scrap | 0.21 | 1.74 |
| Total [B] | 0.21 | 1.74 |
| Total [A] + [B] | 1,04,397.20 | 86,513.25 |

NOTE 29.1 - OTHER DISCLOSURE RELATING TO REVENUE FROM CONTRACTS WITH CUSTOMERS (IND AS 115)

The Company is primarily in the Business of manufacture and sale of specialty chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/ delivery. The Company evaluates the credit limits for the trade receivables. The Company does not give significant credit period resulting in no significant financing component.

Further, disaggregation of revenue based on geography has been mentioned under segment information.

{refer to note No. 42.3}

Reconciliation of Revenue recognised from contracts with customers with Contract liabilities

(₹ in lakhs)

| Particulars | 2018-19 | 2017-18 |
|---|---------------|---------------|
| Opening contract liability | 151.72 | 253.33 |
| Less: Recognised as revenue during the year | 7,775.58 | 5,256.90 |
| Add: Addition to contract liability during the year | 7,776.57 | 5,155.29 |
| Closing Contract liability | 152.71 | 151.72 |

Reconciliation of revenue as per contract price and as recognised in statement of profit and loss

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Revenue from contract with customer as per Contract price | 1,04,624.36 | 86,868.20 |
| Less: Discounts and rebates | 18.92 | 251.57 |
| Less: Sales returns | 208.45 | 105.12 |
| Revenue from contract with customer as per statement of profit and loss | 1,04,396.99 | 86,511.51 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 30 - OTHER INCOME

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Gross interest income | 377.55 | 98.72 |
| Less: FD Interest on utilised borrowings transferred to CWIP | 157.44 | - |
| Net interest income {refer to note no. 30.1} | 220.11 | 98.72 |
| Dividend income | 0.04 | 0.08 |
| Net gain on foreign exchange fluctuations | 1,423.04 | 1,331.70 |
| Reversal of Expected Credit Loss provisions | 87.43 | - |
| Other non operating income | | |
| Profit on sale of Property, Plant and Equipment (net of loss) | 3.61 | 13.07 |
| Insurance claim received | 3.65 | 118.32 |
| Miscellaneous income | - | 6.20 |
| Licence fees | 285.11 | - |
| Compensation received | - | 70.00 |
| Total | 2,022.99 | 1,638.09 |

NOTE 30.1 - PARTICULARS OF INTEREST INCOME

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Interest income from Financial Assets on Amortised cost basis [at EIR] | 167.84 | 80.75 |
| Interest income from Non Financial Assets | 52.27 | 17.97 |
| Total | 220.11 | 98.72 |

NOTE 31 - COST OF MATERIAL CONSUMED

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Raw materials and Packing materials consumed | | |
| Opening stock at the beginning of the year | 4,459.65 | 4,200.00 |
| Add : Purchases and incidental expenses | 64,861.69 | 55,081.31 |
| | 69,321.34 | 59,281.31 |
| Less : Closing stock at the end of the year | 4,537.50 | 4,459.65 |
| Total | 64,783.84 | 54,821.66 |

NOTE 31.1 - PURCHASE OF STOCK IN TRADE

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------|--------------------------------------|--------------------------------------|
| Traded goods | 11.47 | 60.39 |
| Total | 11.47 | 60.39 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 31.2 - PARTICULARS OF MATERIAL CONSUMED

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------|--------------------------------------|--------------------------------------|
| Raw materials | 62,104.90 | 53,197.44 |
| Packing materials | 2,678.94 | 1,624.22 |
| Total | 64,783.84 | 54,821.66 |

NOTE 32 - CHANGES IN FINISHED GOODS, WORK IN PROGRESS AND TRADING GOODS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| A] Opening stock of inventories | | |
| Finished goods | 2,873.95 | 3,759.57 |
| Semi-Finished goods | 147.42 | 67.71 |
| Trading goods | 0.34 | 0.34 |
| Total [A] | 3,021.71 | 3,827.62 |
| B] Closing stock of inventories | | |
| Finished goods | 2,090.75 | 2,873.95 |
| Semi-Finished goods | 281.60 | 147.42 |
| Trading goods | - | 0.34 |
| Total [B] | 2,372.35 | 3,021.71 |
| Net Total [A] - [B] | 649.36 | 805.91 |

NOTE 33 - EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Salaries and other benefits to Directors | 1,140.00 | 1,160.36 |
| Salaries, wages & other benefits to others | 4,489.27 | 3,388.01 |
| Contribution to Provident Fund and other Funds | 162.62 | 199.22 |
| Employee Welfare and other amenities | 196.71 | 156.35 |
| Total | 5,988.60 | 4,903.94 |

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures as defined are given below:

A] Defined Contribution Plans

The Company makes contributions towards provident fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefit.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Employer's Contribution to Provident fund | 29.40 | 22.78 |
| Employer's Contribution to Pension Scheme | 65.34 | 50.96 |
| Total | 94.74 | 73.74 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

B] Defined Benefits Plans

The Company has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'Projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Present value of Defined Benefit Obligation at beginning of the year | 639.21 | 431.45 |
| Add : Service Cost | | |
| (a) Current Service cost | 55.31 | 45.69 |
| (b) Past Service cost | - | 26.03 |
| (c) Loss/(gain) from settlement | - | - |
| Add: Current interest cost | 49.55 | 41.23 |
| Add: Benefit Paid | (25.93) | (79.43) |
| Add: Remeasurements of Actuarial (gain) / loss | | |
| (a) From changes in Demographic assumptions | - | - |
| (b) From changes in Financial assumptions | 17.59 | (24.88) |
| (c) From experience over the past year | 67.50 | 49.91 |
| Effect of acquisition/ (divestiture) | | |
| Transfer in/(out) | 12.81 | 149.21 |
| Changes in foreign exchange rates | - | - |
| Present value of Defined Benefit Obligation at the end of the year | 816.04 | 639.21 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(ii) Reconciliation of opening & closing balance of fair value of plan assets

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Fair value of plan asset at beginning of the year | 656.11 | 426.28 |
| Add: Contributions paid by Employer | 158.98 | 106.05 |
| Add: Benefits paid / (received) | (25.93) | (79.43) |
| Add: Interest income on plan assets | 51.76 | 38.09 |
| Re-measurements | | |
| (a) Actuarial (loss)/gain from changes in financial assumptions | - | 3.22 |
| (b) Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | (10.77) | (5.03) |
| (c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling | - | - |
| Effect of acquisition/ (divestiture) | - | - |
| Transfer in/(out) | 13.96 | 166.93 |
| Changes in foreign exchange rates | - | - |
| Fair value of Plan Asset at the end of the year | 844.11 | 656.11 |
| Actual return on plan assets | 40.99 | 39.49 |
| Expected Employer contributions for the coming year | 30.00 | 50.00 |

(iii) Expenses recognised in statement of Profit and Loss

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|---|---|
| Service cost | | |
| (a) Current service cost | 55.31 | 45.69 |
| (b) Past service cost | - | 26.03 |
| (c) Loss/(gain) from settlement | - | - |
| Net interest on net defined benefit liability/ (asset) | (2.21) | 3.14 |
| Employer expenses | 53.10 | 74.86 |

(iv) Net Liability/(Assets) recognised in the Balance Sheet

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Present value of Defined Benefit Obligation at end of the year | 816.04 | 639.21 |
| Less: Fair value of plan asset at the end of the year | 844.11 | 656.11 |
| Liability/ (Asset) recognised in the Balance Sheet | (28.07) | (16.90) |
| Funded Status [Surplus/(Deficit)] | 28.07 | 16.90 |
| Of which, short term liability | - | - |
| Experience adjustment on plan liabilities: (gain)/loss | 67.50 | 49.91 |
| Experience adjustment on plan assets: gain/(loss) | (10.77) | (5.03) |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(v) Assumptions used to determine the defined benefit obligation

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------------|----------------------------|
| Salary growth rate | 5.00 % P.A. | 5.00 % P.A. |
| Discount rate (p.a.) | 7.30% P.A. | 7.60% P.A. |
| Withdrawal rate | 5.00 % P.A. | 5.00 % P.A. |
| Mortality table rate | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Interest rate on net DBO | 7.60% P.A. | 7.10% P.A. |
| Expected weighted average remaining working life | 8 years | 9 years |

(vi) Movement in Other Comprehensive Income

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Balance at start of year (loss)/ gain | (26.84) | - |
| Re-measurements on DBO | | |
| (a) Actuarial (loss)/gain from changes in demographic assumptions | - | - |
| (b) Actuarial (loss)/gain from changes in financial assumptions | (17.59) | 24.88 |
| (c) Actuarial (loss)/gain from experience over the past period | (67.50) | (49.91) |
| Re-measurements on Plan Assets | | |
| (a) Actuarial (loss)/gain from changes in financial assumptions | - | 3.22 |
| (b) Return on plan assets, excluding amount included in net interest on the net defined benefit liability/(asset) | (10.77) | (5.03) |
| (c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling | - | - |
| Balance at end of year (loss)/ gain | (122.70) | (26.84) |

(vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of Sensitivity Analysis is given below:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Increase by 1% | Decrease by 1% | Increase by 1% | Decrease by 1% |
| Salary Growth rate | increases by ₹ 64.16 | decreases by ₹ 57.56 | increases by ₹ 52.62 | decreases by ₹ 47.36 |
| Discount rate | decreases by ₹ 55.90 | increases by ₹ 63.33 | decreases by ₹ 45.86 | increases by ₹ 51.79 |
| Withdrawal rate | increases by ₹ 8.21 | decreases by ₹ 9.16 | increases by ₹ 7.90 | decreases by ₹ 8.80 |
| Mortality (increase in expected lifetime by 1 year) | decreases by ₹ 0.37 | - | decreases by ₹ 0.35 | - |
| Mortality (increase in expected lifetime by 3 years) | decreases by ₹ 0.92 | - | decreases by ₹ 0.87 | - |

Please note that the Sensitivity Analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(viii) Movement in Surplus/ (Deficit)

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Surplus/ (Deficit) at start of year | 16.90 | (5.17) |
| Add : Net acquisition adjustment | - | - |
| Transfer in / (out) on net basis | 1.15 | 17.72 |
| Movement during the year | | |
| Less : Current service cost | (55.31) | (45.69) |
| Less : Past service cost | - | (26.03) |
| Add : Net interest on net DBO | 2.21 | (3.14) |
| Actuarial gain/(loss) | (95.86) | (26.84) |
| Add : Employer contributions/ benefits paid | 158.98 | 106.05 |
| Surplus/ (Deficit) at end of the year | 28.07 | 16.90 |

(ix) Risk Factors

Through its gratuity plans the Company is exposed to a number of risks, the most significant of which are detailed below:-

Interest Risk

A decrease in the bond Interest rate will increase the plan liability; however, in case of gratuity plan this will be partially offset by an increase in the return on the plan's assets.

Longevity Risk

The present value of Gratuity plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the Gratuity plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Investment Risk

For funded plans that rely on Insurers for managing the assets, the value of assets certified by the Insurer may not be the fair value of Instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

NOTE 34 - FINANCE COSTS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Gross interest expenses | 327.79 | 209.18 |
| Less: Interest expenses transferred to CWIP (including interest rate swaps hedge loss) | 264.91 | - |
| Net interest expenses | 62.88 | 209.18 |
| Net loss on foreign exchange fluctuations | - | 4.40 |
| Bank charges and commission | 115.87 | 83.02 |
| Other Finance cost | 0.30 | 15.65 |
| Total | 179.05 | 312.25 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 35 - DEPRECIATION & AMORTISATION EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on Property, Plant and Equipment | 1,736.35 | 1,999.84 |
| Amortisation on Intangible Assets | 8.49 | 4.08 |
| Total | 1,744.84 | 2,003.92 |

NOTE 36 - OTHER EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Advertisement & Publicity expenses | 6.42 | 3.41 |
| Allowances for Expected Credit Loss method on Trade receivables | - | 5.68 |
| Auditors Remuneration: | | |
| (i) Statutory Audit | 36.50 | 24.00 |
| (ii) Taxation matters | 12.50 | - |
| Consumption of stores and spares | 21.22 | 13.46 |
| Corporate Social Responsibility expenses {refer to note no. 36.1} | 263.10 | 216.50 |
| Director sitting fees | 11.55 | 6.68 |
| Electricity charges | 59.64 | 55.48 |
| Freight and forwarding charges | 2,113.88 | 1,748.05 |
| Insurance charges | 103.22 | 76.69 |
| Laboratory expenses | 91.50 | 104.88 |
| Legal and Professional fees | 544.53 | 553.33 |
| Other administrative expenses | 143.75 | 80.89 |
| Postage, Telephone and Telegram | 115.97 | 83.17 |
| Power, Fuel and Water charges | 4,241.25 | 3,201.75 |
| Printing and Stationery expenses | 50.35 | 36.20 |
| Product registration fees | 40.78 | 2.54 |
| Provision for doubtful receivables | 9.25 | - |
| Remuneration to Cost Auditor | 3.00 | 2.86 |
| Rent, rates and taxes | 268.50 | 172.00 |
| Repairs and maintenance to: | | |
| (i) Factory Building | 42.63 | 71.64 |
| (ii) Machinery | 726.41 | 690.47 |
| (iii) Others | 326.75 | 187.98 |
| Sales Promotion expenses | 90.72 | 103.32 |
| Sales Commission | 738.41 | 424.40 |
| Security charges | 197.66 | 113.08 |
| Seminar & trade fair expenses | 125.06 | 277.64 |
| Subscription, Membership, Books & Periodicals | 42.07 | 143.41 |
| Travelling and conveyance expenses | 250.66 | 184.88 |
| VAT Audit fees | 1.30 | 0.65 |
| Vehicle expenses | 60.17 | 53.96 |
| Total | 10,738.75 | 8,639.00 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 36.1 - CORPORATE SOCIAL RESPONSIBILITY EXPENSES

As per Section 135 of the Companies Act, 2013, the Group has constituted a Corporate Social Responsibility (CSR) Committee. The Group has specified the project in education field, promoting preventive healthcare and sanitation. Modalities of utilisation of funds on the specified project and monitoring and reporting mechanism has been defined.

The Company has an amount of ₹446.60 lakhs to be spent on Corporate Social Responsibility (CSR) as on March 31, 2019 which is a sum total of amount to be spent for previous FY and provision made for current FY 2018-19 amounting to ₹263.10 lakhs towards CSR expenses. However the Company has already committed an amount of ₹250.26 lakhs towards identified CSR projects as on date of signing these financial statements. During FY 2018-19, the Company has disbursed the amount of ₹33.00 lakhs towards CSR projects of the Company.

In accordance with Rule 4 (2) of CSR Rules, 2014, the said funds will be utilised as per CSR Policy.

NOTE 37 - RECONCILIATION OF REPORTED PROFIT TO TOTAL TAX EXPENSE

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Profit before tax | 22,324.28 | 15,719.52 |
| Applicable income tax rate | 34.94% | 34.61% |
| Expected income tax expense | 7,801.00 | 5,440.21 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | | |
| Effect of expenses / provisions not deductible in determining taxable profit | 107.06 | 134.86 |
| Other permanent differences | 91.94 | 74.93 |
| Reported income tax expense | 8,000.00 | 5,650.00 |

NOTE 38 - DEFERRED TAX EXPENSES / (INCOME)

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Tax effect of items constituting deferred tax liabilities | | |
| Property, Plant and Equipments & Intangible Assets | 682.24 | 1.83 |
| Others | 52.35 | 25.87 |
| Sub Total (a) | 734.59 | 27.70 |
| Tax effect of items constituting deferred tax assets | | |
| Property, Plant and Equipments & Intangible Assets | - | 107.72 |
| Others | 37.91 | 1.97 |
| Sub Total (b) | 37.91 | 109.69 |
| Deferred tax expenses / (income) | 696.68 | (81.99) |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 39 - EARNINGS PER EQUITY SHARE

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Computation of profit (numerator) | | |
| Net profit attributable to shareholders (₹ in lakhs) | 12,901.37 | 10,133.50 |
| (b) Computation of weighted average number of shares (denominator) | | |
| Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue) | 3,06,59,976 | 2,89,79,976 |
| Weighted average number of equity shares issued and outstanding during the year on account of amalgamation (as adjusted for sub-division and bonus issue) | - | 16,80,000 |
| Total number of Shares outstanding at the end of the year | 3,06,59,976 | 306,59,976 |
| (c) Adjusted weighted average equity shares | 3,06,59,976 | 3,06,59,976 |
| (d) EPS (Basic & Diluted) (in ₹) | 42.08 | 33.05 |

NOTE 40 - CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Contingent Liabilities | | |
| Income tax liability that may arise in respect of matters in appeal | 407.15 | 341.48 |
| Indirect taxes liability that may arise in respect of matters in appeal | 27.16 | 11.96 |
| Commitments | | |
| Estimated contracts remaining to be executed on capital account not provided for | 3,445.61 | 3,323.06 |
| Bank Guarantee | 629.32 | 403.76 |

The Financial Statements of the Company for the year ended March 31, 2019 has been approved by the Board of Directors in its meeting held on May 27, 2019. For the year ended March 31, 2019, dividend of ₹7 per share (Total dividend of ₹2,587.36 lakhs including Dividend Distribution Tax of ₹441.16 lakhs) has been proposed by the Board of Directors at its meeting held on May 27, 2019. The same is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and therefore proposed dividend (including dividend distribution tax) has not been recognised as liability as at the Balance Sheet Date in line with Ind AS - 10 "Events after the Reporting Period."

It is not practicable for the company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings. The company does not expect any reimbursement in respect of the above contingent liabilities

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 41 - RELATED PARTY TRANSACTIONS DISCLOSURE:

The Disclosure pertaining to the related parties as required by Indian Accounting Standard 24 issued by Ministry of Corporate Affairs (MCA), as applicable, are indicated below:

(a) List of Related Parties and relationships

| Sr. No | Name of the Related Party | Nature of relationship |
|---------------------------------------|---------------------------------------|---|
| Key Management Personnel (KMP) | | |
| 1 | Mukesh Maganlal Shah | Managing Director |
| 2 | Prakash Damodar Kamat | Chairman |
| 3 | Jayen Ramesh Shah | Executive Director & CEO |
| 4 | Tushar Ramesh Shah | Executive Director & CFO |
| 5 | Bimal Mukesh Shah | Executive Director |
| 6 | Parthasarathi Thiruvengadam | Independent Director (w.e.f. November 13, 2017) |
| 7 | Mahesh Pansukhlal Sarda | Independent Director (w.e.f. November 13, 2017) |
| 8 | Kaushik Dwarkadas Shah | Independent Director (w.e.f. January 24, 2018) |
| 9 | Prakash Krishnaji Apte | Independent Director (w.e.f. November 13, 2017) |
| 10 | Pratima Madhukar Umarji | Independent Director (w.e.f. November 13, 2017) |
| 11 | Sundareshan Sthanunathan | Independent Director (up to December 29, 2017) |
| 12 | Pooja Gaonkar | Company Secretary & Compliance Officer |
| 13 | Jyotsna Ramesh Shah | Relative of KMP |
| 14 | Jayshree Mukesh Shah | |
| 15 | Neeta Jayen Shah | |
| 16 | Bina Tushar Shah | |
| 17 | Esha Tushar Shah | |
| 18 | Rhea Tushar Shah | |
| 19 | Akruti Bimal Shah | |
| 20 | Ramesh M. Shah - HUF | |
| 21 | Prakash D. Kamat - HUF | |
| 22 | Mukesh M. Shah - HUF | |
| 23 | Jayen R. Shah - HUF | |
| 24 | Tushar R. Shah - HUF | |
| 25 | Manali Jinesh Bhayani | |
| 26 | Shaili Nirav Doshi | |
| 27 | Smoothex Chemicals Private Limited | Significant influence by KMP |
| 28 | Olefine Organics | |
| 29 | Oleofine Organics SDN. BHD. | |
| 30 | Oleofine Organics (Thailand) Co. Ltd. | |
| 31 | Fine Organic Industries | |
| 32 | Shri. R. M. Shah Foundation | |
| 33 | Fine Organics (USA) Inc. | Subsidiaries |
| 34 | Fine Organics Europe BVBA | |
| 35 | Fine Zeelandia Private Limited | Jointly Controlled Entities |
| 36 | FineAdd Ingredients GmbH | |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 41 - RELATED PARTY TRANSACTIONS DISCLOSURES:

b) Transactions (in aggregate) with Related Parties during the period and their closing balances at the period end

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|----------|--------------------------------------|------------------------------|----------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 1 | Director's Remuneration | | | | |
| | Prakash Damodar Kamat | 228.00 | 237.22 | - | - |
| | Mukesh Maganlal Shah | 228.00 | 255.64 | - | - |
| | Jayen Ramesh Shah | 228.00 | 237.22 | - | - |
| | Tushar Ramesh Shah | 228.00 | 237.22 | - | - |
| | Bimal Mukesh Shah | 228.00 | 193.06 | - | - |
| 2 | Director's sitting fees | | | | |
| | Parthasarathi Thiruvengadam | 2.28 | 1.13 | - | - |
| | Mahesh Pansukhlal Sarda | 2.28 | 1.55 | - | - |
| | Kaushik Dwarkadas Shah | 2.23 | 0.35 | - | - |
| | Prakash Krishnaji Apte | 2.73 | 1.20 | - | - |
| | Pratima Madhukar Umarji | 2.05 | 1.75 | - | - |
| | Sundareshan Sthanunathan | - | 0.70 | - | - |
| 3 | Sale of goods | | | | |
| | Oleofine Organics SDN BHD | 405.73 | 524.76 | 114.27 | 49.07 |
| | Oleofine Organics (Thailand) Co.Ltd. | 489.66 | 309.88 | 74.09 | 21.03 |
| | Fine Organic Industries | - | 325.80 | - | - |
| | Fine Organics (USA) Inc. | 2,040.79 | 1,270.24 | 949.60 | 462.91 |
| | Fine Organics Europe BVBA | 3,954.16 | 3,050.84 | 1,236.05 | 2,101.46 |
| | Fine Zeelandia Private Limited | 717.12 | 0.14 | 345.00 | - |
| 4 | Sale of Licence | | | | |
| | Fine Organic Industries | - | 87.24 | - | - |
| | Fine Zeelandia Private Limited | 146.22 | 80.92 | 33.32 | 2.85 |
| 5 | Sale of components / assets | | | | |
| | Fine Zeelandia Private Limited | 15.34 | - | - | - |
| | Oleofine Organics SDN BHD | 54.15 | 13.99 | 3.44 | - |
| 6 | Purchase of goods / samples | | | | |
| | Fine Organic Industries | - | 1,364.12 | - | - |
| | Oleofine Organics SDN BHD | 66.03 | 25.05 | - | 20.94 |
| 7 | Processing charges Paid | | | | |
| | Fine Organic Industries | - | 0.01 | - | - |
| | Oleofine Organics | 201.00 | 441.76 | - | - |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|-----------|---|------------------------------|---------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 8 | Purchase of Licence / Trade Mark | | | | |
| | Fine Organic Industries | 2.49 | 45.84 | - | - |
| 9 | Purchase of components / assets | | | | |
| | Fine Organic Industries | - | 225.78 | - | - |
| | Olefine Organics | 130.33 | - | - | - |
| 10 | Interest on unsecured loan | | | | |
| | Prakash Damodar Kamat | - | 24.99 | - | - |
| | Mukesh Maganlal Shah | - | 2.62 | - | - |
| | Jayen Ramesh Shah | - | 13.93 | - | - |
| | Tushar Ramesh Shah | - | 17.11 | - | - |
| | Bimal Mukesh Shah | - | 0.55 | - | - |
| 11 | Dividend paid/Proposed | | | | |
| | Mukesh Maganlal Shah | 123.48 | 194.13 | - | - |
| | Rhea Tushar Shah | 7.46 | 8.00 | - | - |
| | Neeta Jayen Shah | 46.19 | 49.49 | - | - |
| | Jyotsna Ramesh Shah | 302.81 | 440.31 | - | - |
| | Bina Tushar Shah | 40.21 | 43.08 | - | - |
| | Shaili Nirav Doshi | 8.60 | 9.22 | - | - |
| | Mukesh M. Shah HUF | 9.84 | 10.54 | - | - |
| | Jayshree Mukesh Shah | 39.80 | 42.64 | - | - |
| | Bimal Mukesh Shah | 148.18 | 211.68 | - | - |
| | Prakash D. Kamat HUF | 9.60 | 10.29 | - | - |
| | Manali Jinesh Bhayani | 5.36 | 5.75 | - | - |
| | Jayen R. Shah HUF | 21.49 | 23.02 | - | - |
| | Tushar Ramesh Shah | 258.94 | 392.19 | - | - |
| | Prakash Damodar Kamat | 311.70 | 445.15 | - | - |
| | Esha Tushar Shah | 7.46 | 8.00 | - | - |
| | Tushar R. Shah HUF | 7.23 | 7.74 | - | - |
| | Ramesh M. Shah HUF | 21.63 | 23.18 | - | - |
| | Jayen Ramesh Shah | 239.65 | 371.52 | - | - |
| 12 | Salary to relatives of KMP | | | | |
| | Akruti Bimal Shah | - | 3.25 | - | - |
| | Manali Jinesh Bhayani | 28.50 | 5.19 | - | - |
| 13 | Export Commission | | | | |
| | Oleofine Organics SDN BHD | 3.44 | 2.33 | 1.70 | 1.55 |
| 14 | Business support services | | | | |
| | Fine Organic Industries | - | 5.31 | - | - |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|-----------|--|------------------------------|---------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 15 | Security deposit - rent | | | | |
| | Fine Organic Industries | - | 13.87 | 15.90 | 13.87 |
| | Olefine Organics | 2.40 | - | 2.40 | - |
| 16 | Rent expenses | | | | |
| | Fine Organic Industries | 86.51 | 30.43 | - | - |
| | Olefine Organics | 12.65 | - | - | - |
| | Jayshree Mukesh Shah | 8.40 | 8.40 | - | - |
| | Jyotsna Ramesh Shah | 8.40 | 8.40 | - | - |
| | Prakash Damodar Kamat | 8.40 | - | - | - |
| | Bina Tushar Shah | 8.40 | 8.40 | - | - |
| 17 | Prepaid rent | | | | |
| | Fine Organic Industries | - | - | 2.10 | 4.13 |
| | Olefine Organics | - | - | 0.60 | - |
| 18 | Advances to Subsidiaries (*) | | | | |
| | Fine Organics (USA) Inc. | 40.09 | 1.08 | 543.96 | 582.21 |
| | Fine Organics Europe BVBA | (79.80) | 11.27 | - | 80.00 |
| 19 | Reimbursement of expenses | | | | |
| | Prakash Damodar Kamat # | 489.41 | 55.45 | 15.15 | 4.55 |
| | Mukesh Maganlal Shah # | 492.04 | 55.45 | 12.64 | 4.55 |
| | Jayen Ramesh Shah # | 491.64 | 55.45 | 12.94 | 4.55 |
| | Tushar Ramesh Shah # | 491.83 | 55.45 | 13.40 | 4.55 |
| | Jyotsna Ramesh Shah # | 487.53 | 55.45 | 17.02 | 4.55 |
| | Bimal Mukesh Shah | 0.02 | - | - | - |
| | Parthasarathi Thiruvengadam | 0.07 | - | - | - |
| | Manali Jinesh Bhayani | 0.47 | - | (0.04) | - |
| | Fine Organic Industries | - | 10.17 | - | - |
| | Olefine Organics | 3.78 | - | - | - |
| | Fine Zeelandia Private Limited | 2.37 | 0.20 | - | - |
| | Oleofine Organics SDN BHD | 0.34 | - | - | - |
| | Oleofine Organics (Thailand) Co.Ltd. | 0.38 | - | - | - |
| | Fine Organics Europe BVBA | - | 5.95 | - | - |
| 20 | Investments in equity instruments | | | | |
| | Fine Organics (USA) Inc. | - | - | 252.58 | 252.58 |
| | Fine Organics Europe BVBA | - | - | 46.83 | 46.83 |
| | FineADD Ingredients GmbH | 81.29 | - | 81.29 | - |
| | Fine Zeelandia Private Limited | 190.00 | - | 1,318.43 | 1,128.43 |

Towards reimbursement of IPO expenses

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|-----------|---|------------------------------|---------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 21 | Interest income on advances / Security deposit | | | | |
| | Fine Organics Europe BVBA | 4.96 | 5.53 | 4.96 | 5.53 |
| | Fine Organics (USA) Inc. | 47.65 | 47.16 | 47.65 | 47.16 |
| | Olefine Organics | 0.26 | - | 0.26 | - |
| | Fine Organic Industries | 1.55 | 1.06 | 1.55 | 1.06 |

* Includes Foreign Exchange fluctuation gain / (loss) on transactions during the year and Closing Balance revaluation.

(c) Disclosure of compensation paid to Key Managerial Person

(₹ in lakhs)

| Particulars | | Pooja Gaonkar |
|-------------|--|---------------|
| A | For Accounting year 2018-19 | |
| | - Short term employees benefits (including salary) | 13.27 |
| | - Post employees benefits | 5.43 |
| B | For Accounting year 2017-18 | |
| | - Short term employees benefits (including salary) | 8.27 |
| | - Post employees benefits | 4.28 |

Note: Related parties relationship is as identified by the Company on the basis of information available with the Management and accepted by the Auditor.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). 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.

NOTE 42 - OPERATING SEGMENT DISCLOSURE

The Company has identified its reportable segment as "Specialty Chemicals" since the Chief Operating Decision Maker (CODM) evaluates the Company's performance as a single segment in terms of Indian Accounting Standard 108 issued by Ministry of Corporate Affairs (MCA).

NOTE 42.1 - DISCLOSURE FOR ASSETS OUTSIDE INDIA

The Company does not have any non current non financial assets outside India.

NOTE 42.2 - DISCLOSURE FOR MAJOR CUSTOMERS MORE THAN 10%

There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

NOTE 42.3 - GEOGRAPHIC INFORMATION

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the specialty chemicals portfolio of the Company are managed on a worldwide basis from India.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

The company has disaggregated its revenue from contract with customers and trade receivables on a geographical basis as under:

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|----------------------|--------------------------------------|--------------------------------------|
| - In India | 46,479.12 | 36,532.04 |
| - Outside India | 57,917.87 | 49,979.47 |
| Total Revenue | 1,04,396.99 | 86,511.51 |

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Trade receivables | | |
| - In India | 4,609.95 | 3,119.72 |
| - Outside India | 12,206.09 | 13,193.49 |
| Less : Expected Credit Loss on trade receivables | (117.57) | (205.00) |
| Total | 16,698.47 | 16,108.21 |

NOTE 43 - INTERNAL FINANCIAL CONTROL SYSTEM

The Management has laid down the Internal Control Framework in which each department of the Company is being headed by professional HODs. These HODs are responsible for the day-to-day operations of the Company. The Company has substantially completed the documentation on Internal Control Framework Mechanism. No significant deficiencies or material weakness has been observed in the operation and Financial Control and processes of the Company.

NOTE 44 - DISCLOSURE PURSUANT TO SECTION 186 (4) OF THE COMPANIES ACT, 2013

(a) Investment made (at Amortised cost)

(₹ in lakhs)

| Name of entity | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Fine Organics (USA), Inc. | 236.55 | 252.58 |
| Fine Organics Europe BVBA | 28.03 | 46.83 |
| Fine Zeelandia Private Limited | 1,318.43 | 1,128.43 |
| FineADD Ingredients GmbH | 81.29 | - |

(b) Advances given

(₹ in lakhs)

| Name of entity | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| Fine Organics (USA), Inc. | 543.96 | 439.95 |
| Fine Organics Europe BVBA | - | 56.24 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 45 - OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

The Company's significant leasing arrangements are in respect of operating leases for building premises (offices, plant, godowns etc.). These leasing arrangements are non-cancellable in nature, and are usually renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

| Name of entity | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Lease payment recognised in the statement of profit and loss | 3.56 | 25.07 |
| Minimum lease payments under non cancellable operating leases payable | | |
| Not later than 1 year | 38.61 | 25.07 |
| Later than 1 year but not less than 5 years | 154.44 | 100.28 |
| Later than 5 years | 3,054.85 | 2,037.29 |
| Total future minimum lease payment | 3,247.89 | 2,162.64 |

NOTE 46 - FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments

(₹ in lakhs)

| Particulars | Note No | Carrying Value | | Fair Value | |
|---|---------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | | |
| A] Financial assets at fair value through profit & loss | | - | - | - | - |
| B] Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | Note 7 | 4.78 | 5.15 | 4.78 | 5.15 |
| C] Financial assets at amortised cost | | | | | |
| Non current financial assets : Loans | Note 8 | 644.78 | 592.93 | 644.78 | 592.93 |
| Non current financial assets : Others | Note 9 | 208.03 | 42.79 | 208.03 | 42.79 |
| Current financial assets : Trade receivables | Note 12 | 16,698.47 | 16,108.22 | 16,698.47 | 16,108.22 |
| Current financial assets : Cash and cash equivalents | Note 13 | 10,198.03 | 538.05 | 10,198.03 | 538.05 |
| Current financial assets : Bank balances | Note 14 | 108.74 | 170.43 | 108.74 | 170.43 |
| Current financial assets : Others | Note 15 | 27.55 | 43.76 | 27.55 | 43.76 |
| FINANCIAL LIABILITIES | | | | | |
| A] Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B] Financial liabilities at amortised cost: | | | | | |
| Non current financial liabilities : Borrowings (Including Current maturity on Long term borrowing) | Note 20 | 10,808.02 | - | 10,808.02 | - |
| Non Current financial liabilities : Others | Note 21 | 390.92 | - | 390.92 | - |
| Current financial liabilities : Borrowings | Note 23 | 2,019.15 | 5,360.92 | 2,019.15 | 5,360.92 |
| Current financial liabilities : Trade payable | Note 24 | 5,231.71 | 6,929.82 | 5,231.71 | 6,929.82 |
| Current financial liabilities : Others | Note 25 | 124.57 | 109.94 | 124.57 | 109.94 |

In all cases, the management has assessed that the fair value of all financial assets and liabilities at Amortised cost approximate their carrying amounts as stated above.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 47 - FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

NOTE 47.1 - QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT MARCH 31, 2019:

(₹ in lakhs)

| Particulars | Fair value measurement Using | | | | |
|--|------------------------------|-----------|----------|----------|-----------|
| | Date of Valuation | Total | Level 1* | Level 2* | Level 3* |
| FINANCIAL ASSETS | | | | | |
| A) Financial assets at fair value through profit & loss | - | - | - | - | - |
| B) Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | March 31, 2018 | 4.78 | - | 4.78 | - |
| | {refer note No. 47.3} | | | | |
| C) Financial assets at amortised cost | | | | | |
| Non current financial assets : Loans | March 31, 2019 | 644.78 | - | - | 644.78 |
| Non current financial assets : Others | March 31, 2019 | 208.03 | - | - | 208.03 |
| Current financial assets : Trade receivables | March 31, 2019 | 16,698.47 | - | - | 16,698.47 |
| Current financial assets : Cash and Cash equivalents | March 31, 2019 | 10,198.03 | - | - | 10,198.03 |
| Current financial assets : Bank balances | March 31, 2019 | 108.74 | - | - | 108.74 |
| Current financial assets : Others | March 31, 2019 | 27.55 | - | - | 27.55 |
| FINANCIAL LIABILITIES | | | | | |
| A) Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B) Financial liabilities at amortised cost: | | | | | |
| Non current financial liabilities : Borrowings (including current maturity on Long term borrowing) | March 31, 2019 | 10,808.02 | - | - | 10,808.02 |
| Non current financial liabilities : Others | March 31, 2019 | 390.92 | - | - | 390.92 |
| Current financial liabilities : Borrowings | March 31, 2019 | 2,019.15 | - | - | 2,019.15 |
| Current financial liabilities : Trade payable | March 31, 2019 | 5,231.71 | - | - | 5,231.71 |
| Current financial liabilities : Others | March 31, 2019 | 124.57 | - | - | 124.57 |

* (Refer note no.2.5 for Fair value measurement method)

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 47.2 - QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT MARCH 31, 2018:

(₹ in lakhs)

| Particulars | Fair value measurement Using | | | | |
|---|------------------------------|-----------|----------|----------|-----------|
| | Date of Valuation | Total | Level 1* | Level 2* | Level 3* |
| FINANCIAL ASSETS | | | | | |
| A) Financial assets at fair value through profit & loss | - | - | - | - | - |
| B) Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | March 31, 2017 | 5.15 | - | 5.15 | - |
| | {refer note No. 47.3} | | | | |
| C) Financial assets at amortised cost | | | | | |
| Non current financial assets : Loans | March 31, 2018 | 592.93 | - | - | 592.93 |
| Non current financial assets : Others | March 31, 2018 | 42.79 | - | - | 42.79 |
| Current financial assets : Trade receivables | March 31, 2018 | 16,108.22 | - | - | 16,108.22 |
| Current financial assets : Cash and cash equivalents | March 31, 2018 | 538.05 | - | - | 538.05 |
| Current financial assets : Bank balances | March 31, 2018 | 170.43 | - | - | 170.43 |
| Current financial assets : Others | March 31, 2018 | 43.76 | - | - | 43.76 |
| FINANCIAL LIABILITIES | | | | | |
| A) Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B) Financial liabilities at amortised cost: | | | | | |
| Current financial liabilities : Borrowings | March 31, 2018 | 5,360.92 | - | - | 5,360.92 |
| Current financial liabilities : Trade payable | March 31, 2018 | 6,929.82 | - | - | 6,929.82 |
| Current financial liabilities : Others | March 31, 2018 | 109.94 | - | - | 109.94 |

* (Refer note no.2.5 for Fair value measurement method)

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

NOTE 47.3 - MEASUREMENT OF FAIR VALUE : VALUATION TECHNIQUES

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values for assets and liabilities carried at fair value through profit or loss

| Type | Valuation Technique |
|--|--|
| FINANCIAL ASSETS | |
| A) Financial assets at fair value through profit & loss | Not Applicable |
| B) Financial assets at fair value through OCI Non current financial assets: Investments | Level - 2: The fair value is determined as on the reporting date based on value per share derived from net worth of the Company as per the latest available annual report, since there is no other publically available market based information for similar entities. |
| C) Financial assets at amortised cost Non current financial assets : Loans Non current financial assets : Others Current financial assets : Trade receivables Current financial assets : Cash and Cash equivalents Current financial assets : Bank balances Current financial assets : Others | Level - 3: The fair value is determined as on the reporting date based on amortised cost method by considering the discount rates based on yields of comparable investments or the transaction values where these are short term in nature. |
| FINANCIAL LIABILITIES | |
| A) Financial liabilities at fair value through profit & loss | Not Applicable |
| B) Financial liabilities at amortised cost: Non current financial liabilities : Borrowings Non current financial liabilities : Others Current financial liabilities : Borrowings Current financial liabilities : Trade payable Current financial liabilities : Others | Level - 3: The fair value is determined as on the reporting date based amortised cost method. |

NOTE 48 - CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued equity share capital, all other reserves and borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

The following table summaries the capital of the Company:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Long term borrowing (including current maturities of long term borrowings) | 10,808.02 | - |
| Short term borrowing | 2,019.15 | 5,360.92 |
| Less: Cash and cash equivalents | 10,198.03 | 538.05 |
| Total Borrowing (Net) | 2,629.14 | 4,822.87 |
| Equity Share Capital | 1,533.00 | 1,533.00 |
| Other equity | 49,311.71 | 39,312.34 |
| Total Equity | 50,844.71 | 40,845.34 |
| Gearing ratio (Net Debt/ Total Equity) | 0.05 | 0.12 |

No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

NOTE 49 - FINANCIAL RISK MANAGEMENT FRAMEWORK

A) Financial Risk Management

The Company's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below :

1) Market Risk

Market Risks arise due to Changes in interest rates, Foreign exchange rates and changes in Market prices.

(i) Interest Rate Risks

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 rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's long-term debt obligations with floating interest rates

The Company's policy is generally to undertake long-term borrowings using facilities that carry floating-interest rate. The Company manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Moreover, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure.

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates.

As at the end of reporting period, the Company had following long term variable interest rate borrowings and derivatives to hedge the interest rate risk are as follows:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Notional value of liability | 10,808.02 | - |
| Less : Interest Rate Swap on above liability | 10,808.02 | - |
| Net exposure | - | - |

Disclosure of effects of interest rate swaps hedge accounting on Financial position as at March 31, 2019

| Particulars | Nominal value of Liability | Carrying Amount of Hedging Instrument | Maturity | Hedge Ratio |
|-----------------------|-------------------------------|--|---------------|-------------|
| Interest Rate Risk | | | | |
| - Interest Rate Swaps | 10,808.02 | 390.92 | December 2023 | 1:1 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Disclosure for gain / (loss) recognised in cashflow hedging reserve and recycled during the year 2018-19

(₹ in lakhs)

| Particulars | Opening Balance | Net amount recognised | Recycled | | | Closing Balance |
|-----------------------------|-----------------|-----------------------|---------------------|--|-----------------------|-----------------|
| | | | Net amount to P & L | Net amount added to non financial assets | Total amount recycled | |
| Forex - Interest Rate Swaps | - | 390.92 | - | - | - | 390.92 |

Interest rate sensitivity

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge its foreign currency exposures in USD and Euro.

a) Exposure in foreign currency - Hedged

The Forward exchange contracts used for hedging foreign exchange currency exposure and outstanding as at reporting date as at under :

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|-------------------------------|----------------------|---------------------------------------|------------------------------------|----------------------|---------------------------------------|------------------------------------|
| | No. of contracts | Amount in foreign currency (in lakhs) | Indian Rupee equivalent (in lakhs) | No. of contracts | Amount in foreign currency (in lakhs) | Indian Rupee equivalent (in lakhs) |
| Forward contract to sell USD | 6.00 | \$ 10.50 | 757.01 | 6.00 | \$ 12.00 | 776.28 |
| Forward contract to sell Euro | - | - | - | 12.00 | € 7.50 | 600.00 |
| Forward contract to buy USD | 11.00 | \$ 27.00 | 1,877.43 | - | - | - |

b) The unhedged exposures as at the end of the reporting date as follows

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|------------------------------|----------------------|------------------|----------------------|------------------|
| | Indian Rupees | Foreign Currency | Indian Rupees | Foreign Currency |
| Financial Assets | | | | |
| Trade receivables - USD | 9,832.87 | \$142.15 | 8,434.84 | \$130.39 |
| Trade receivables - Euro | 2,465.12 | € 31.73 | 3,280.61 | € 41.01 |
| Financial Liabilities | | | | |
| Trade payables - USD | - | - | 377.44 | \$5.78 |
| Trade payables - Euro | 3.53 | € 0.05 | 527.34 | € 6.50 |
| Long term borrowings - USD | 12,333.85 | \$156.25 | - | - |
| Net exposure - USD | (2,500.99) | (\$14.10) | 8,057.40 | 124.61 |
| Net exposure - Euro | 2,461.59 | € 31.68 | 2,753.28 | 34.51 |

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

In case of change in the currencies by 1%, the change in the profit would be as under :

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|------------------------|----------------------|----------|----------|----------------------|----------|----------|
| | Change | USD (\$) | EURO (€) | Change | USD (\$) | EURO (€) |
| 1% Depreciation in INR | 1% | (25.01) | 24.62 | 1% | 80.57 | 27.53 |
| 1% Appreciation in INR | 1% | 25.01 | (24.62) | 1% | (80.57) | (27.53) |

(iii) Market Price Risks

The Company is affected by the price stability of certain commodities. Purchases of Raw materials from our top 2 suppliers constitute approximately 45% of our total purchases made from all suppliers. We do not enter into supplier contracts of duration of more than 6 months. If suppliers do not supply us, there can be no assurance that we will be able to identify alternative suppliers in future at similar cost. Any disruption in the supply of the raw materials could disrupt our manufacturing operations, which could have a material adverse effect on our business, results of operations and financial condition.

The company's total imports of raw materials is approximately 30.04% (PY: 27.97%) of the total raw material consumed. The cost of our imported raw material affected by the fluctuation in the rate of foreign exchange of the currency in which we purchase these raw materials (primarily in USD) and the Rupee. The Company has a risk management framework aimed at prudently managing the price risk arising from the volatility in commodity prices and freight costs and tries to pass on increases in the costs to its customers to whatever extent possible.

(2) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares and balances with banks.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits (generally between 30 to 90 days) and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended March 31, 2019 is 0.73% (PY. 0.29%) of the total trade receivables. The Company uses Expected Credit Loss (ECL) model to assess the impairment loss or gain.

(3) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has obtained fund and non-fund based borrowings from banks. The Company invests its surplus funds in bank fixed deposit which carry low credit risks.

All payments are made on due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Notes Forming Integral Part of the Standalone Financial Statements (Contd.)

Financial arrangements

Uncommitted amount

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| Expiring within one year | | |
| Borrowings in foreign currency | 2,161.60 | - |
| Expiring beyond one year | | |
| Borrowings in foreign currency | - | - |

Maturity to Financial Liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(₹ in lakhs)

| | Outstanding balance as on March 31, 2019 | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|--|---|------------------------|--------------|--------------|-------------------------|
| Long term borrowings (including Current maturity on Long term borrowings) | 10,808.02 | 1,525.84 | 6,103.35 | 3,178.83 | - |
| Short term borrowings | 2,019.15 | 2,019.15 | - | - | - |
| Trade payable | 5,231.71 | 5,231.71 | - | - | - |
| Securities deposits taken | 124.32 | 124.32 | | | |
| Statutory dues Payable | 94.91 | 94.91 | - | - | - |
| Other liabilities | 71.15 | 71.15 | - | - | - |
| Advances from Customers | 152.71 | 152.71 | - | - | - |
| Provisions - others | 446.60 | 446.60 | - | - | - |
| Income tax (net) | 702.90 | 702.90 | - | - | - |

Independent Auditors' Report

To,

The Members of

Fine Organic Industries Limited

(Formerly known as 'Fine Organic Industries Private Limited')

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Fine Organic Industries Limited** (herein referred to as the "Parent Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its jointly controlled entities, which comprise the Consolidated Balance Sheet as at **March 31, 2019**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

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

Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements 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 Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules made there under, 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 audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated 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 Consolidated 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 Consolidated Ind AS Financial Statements.

1 Recoverability of Indirect Tax Receivables

In Note No. 17 'Other Current Assets' in respect of Balance with Statutory and Government Authorities includes Input Tax Credit (ITC) of Goods & Service Tax recoverable as at March 31, 2019 of ₹5,083.55 Lakhs which are pending adjudication.

Auditors' Response

The Group has provided affirmation from Indirect Tax Consultant of the Parent Company regarding the nature & status of amount recoverable, the sustainability and the likelihood of recoverability upon final resolution.

Independent Auditors' Report (Contd.)

2 Revenue Recognition

For the year ended March 31, 2019 the Group has recognised revenue from contracts with customers amounting to ₹1,06,033.07 Lakhs.

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 Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that as principal, it typically controls the goods or services before transferring them to the customer.

The variety of terms that define when control are transferred to the customer, as well as the high value of the transactions, give rise to the risk that revenue is not recognised in the correct period.

Revenue is measured net of returns and allowances, cash discounts, trade discounts and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are incorrectly recorded as it also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual.

Revenue is also an important element of how the group measures its performance. The Group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risk and rewards have been transferred.

Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the Consolidated Ind AS Financial Statements.

Auditors' Response

Our audit procedures included the following:

- Assessed the Group's revenue recognition procedure as per Ind AS 115 'Revenue from contracts with customers'.
- Assessed the design and tested the operating effectiveness of internal controls related to revenue recognition, discounts and rebates.
- Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples checked that the revenue has been recognised as per the terms.
- To test cut off selected sample of sales transactions made pre- and post-year end, agreeing the period of revenue recognition to third party support, such as transporter invoice and customer confirmation of receipt of goods.
- Tested the provision calculations related to discounts and rebates by agreeing a sample of amounts recognised to underlying arrangements with customers and other supporting documents.
- Performed analytical procedures of revenue by streams to identify any unusual trends.
- The Group has provided confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements; to ensure revenue from contracts with customers are in accordance with the requirements of relevant accounting standards.

3 Evaluation of uncertain tax imposition

The Group has material uncertain tax position including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.

{Refer to note no. 41 of the consolidated Ind AS financial statement}

Auditors' Response

We have obtained details of all pending assessments and demands for the year ended March 31, 2019 from management of the Group. We have evaluated the possible outcome of pending assessments and disputed matters under litigations.

Independent Auditors' Report (Contd.)

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for other information. The other information comprises the information included in the Board's Report including annexure to Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, Corporate Governance and Shareholders Information, but does not include the Consolidated Ind AS Financial Statements and our auditors' report thereon.

Our opinion on the Consolidated 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 Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our 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.

Responsibility of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Board of Directors of the Parent Company is responsible for the matters specified in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting the 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for assessing the ability of the Group, its jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entities is responsible for overseeing the financial reporting process of the Group and of its jointly controlled entities.

Auditor's Responsibility for the Audit of the Consolidated Ind AS Financial Statements

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

Independent Auditors' Report (Contd.)

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the business activities within the Group and its joint ventures to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the

direction, supervision and performance of the audit of the financial statements of such business activities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been either audited by the other auditors or certified by the management of the Parent Company, such other auditors and management of the Parent Company remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Independent Auditors' Report (Contd.)

Other Matters

The Consolidated Ind AS financial statement include the Group's Share of net loss of ₹295.06 lakhs for the year ended March 31, 2019, as considered in the consolidated Ind AS Financial statement, in respect of one jointly controlled entity, whose financial statement have not been audited by us. The financial statement has been audited by other auditor whose report have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity, is based solely on the report of the other auditor.

We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets (before eliminating inter group balances) of ₹2,967.77 lakhs as at March 31, 2019, total revenues of ₹7,631.02 lakhs and net cash flows amounting to ₹85.18 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS financial statement also include the Group's share of Net Loss of ₹40.02 lakhs for the year ended March 31, 2019, as considered in the Consolidated Ind AS Financial Statement, in respect of one Jointly controlled entity, whose financial statements/ financial information have not been audited by us. In case of Financial statement / financial information of these subsidiaries and one jointly controlled entity are unaudited and as informed to us are not required to be audited under the regulations governing the entities and therefore have been compiled by the accountant of the subsidiaries and one jointly controlled entity and certified by the management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and one jointly controlled entity, is based solely on the such report / certificate. In our opinion and according to the information and explanation given to us by the management, these financial statements / financial information are not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory

Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its jointly controlled Company incorporated in India, none of the directors of the Group Companies and its jointly controlled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in **Annexure- A** which is based on the auditors' reports of the Group and its jointly controlled entities.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by Parent Company to its directors during the year is in accordance with the provision of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities.
- (ii) Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- (iii) There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies and its jointly controlled companies incorporated in India.

For **B Y & Associates**

Chartered Accountants

Firm's registration number: **123423W**

CA Bhavesh Vora

Partner

Membership Number: **043908**

Date : May 27, 2019

Place : Mumbai

Independent Auditors' Report (Contd.)

'ANNEXURE A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Fine Organic Industries Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group, and its joint ventures as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Fine Organic Industries Limited** (hereinafter referred to as 'the Parent') and its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent

applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, 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 system over financial reporting of the Parent, its subsidiary companies and its joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

Independent Auditors' Report (Contd.)

acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Parent Company have, in all material respects, an adequate internal financial controls system over financial reporting

and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B Y & Associates**

Chartered Accountants

Firm's registration number: 123423W

CA Bhavesh Vora

Partner

Membership Number: 043908

Date: May 27, 2019

Place : Mumbai

Consolidated Balance Sheet

as at March 31, 2019

(₹ in lakhs)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|--|---------|-------------------------|-------------------------|
| ASSETS | | | |
| A) Non Current Assets | | | |
| Property, Plant and Equipment | Note 4 | 7,782.07 | 8,806.06 |
| Capital work-in-progress | Note 5 | 10,629.09 | 3,167.49 |
| Intangible Assets | Note 6 | 34.51 | 26.68 |
| Financial Assets | | | |
| - Investments | Note 7 | 996.93 | 1,061.10 |
| - Loans | Note 8 | 100.82 | 96.74 |
| - Others | Note 9 | 208.03 | 42.79 |
| Deferred Tax Assets (Net) | Note 10 | 19.51 | 484.87 |
| Other Non-current Assets | Note 11 | 7,049.48 | 5,970.88 |
| Total Non Current Assets (A) | | 26,820.44 | 19,656.62 |
| B) Current Assets | | | |
| Inventories | Note 12 | 8,926.30 | 8,913.65 |
| Financial Assets | | | |
| - Trade Receivables | Note 13 | 15,561.88 | 14,648.60 |
| - Cash and Cash Equivalents | Note 14 | 10,812.19 | 1,067.02 |
| - Bank Balances | Note 15 | 108.74 | 170.43 |
| - Others | Note 16 | 27.55 | 43.76 |
| Current Tax Assets (Net) | Note 17 | 437.22 | 376.82 |
| Other Current Assets | Note 18 | 7,544.19 | 8,104.20 |
| Total Current Assets (B) | | 43,418.07 | 33,324.48 |
| Total Assets (A + B) | | 70,238.50 | 52,981.10 |
| EQUITY AND LIABILITIES | | | |
| A) Equity | | | |
| Equity Share Capital | Note 19 | 1,533.00 | 1,533.00 |
| Other Equity | Note 20 | 48,490.69 | 38,025.35 |
| Total Equity (A) | | 50,023.69 | 39,558.35 |
| B) Non Controlling Interest | Note 21 | 3.20 | 0.08 |
| Liabilities | | | |
| C) Non Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | Note 22 | 9,282.18 | - |
| - Others | Note 23 | 390.92 | - |
| Total Non Current Liabilities (C) | | 9,673.10 | - |
| D) Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | Note 24 | 2,019.15 | 5,360.92 |
| - Trade Payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | Note 25 | 344.62 | 544.47 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | Note 25 | 4,993.87 | 6,449.93 |
| - Others | Note 26 | 1,650.41 | 109.94 |
| Other current liabilities | Note 27 | 357.33 | 243.54 |
| Provisions | Note 28 | 446.60 | 216.50 |
| Current tax liabilities (Net) | Note 29 | 726.53 | 497.37 |
| Total Current Liabilities (D) | | 10,538.51 | 13,422.67 |
| Total Equity and Liabilities (A + B + C + D) | | 70,238.50 | 52,981.10 |

The accompanying notes 1 to 52 are integral part of the consolidated financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: 123423W

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Consolidated Statement of Profit & Loss

for the year ended March 31, 2019

(₹ in lakhs)

| Particulars | Notes | Figures for the year ended March 31, 2019 | Figures for the year ended March 31, 2018 |
|---|-----------|--|--|
| INCOME | | | |
| Revenue from Operations | Note 30 | 1,06,033.28 | 86,466.10 |
| Other Income | Note 31 | 1,982.52 | 1,597.43 |
| Total Income | | 1,08,015.80 | 88,063.53 |
| EXPENSES | | | |
| Cost of Materials Consumed | Note 32 | 64,783.84 | 54,821.66 |
| Purchase of Stock-in-trade | Note 32.1 | 525.62 | 364.51 |
| Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress | Note 33 | 205.78 | 595.85 |
| Excise Duty | | - | 884.75 |
| Employee Benefits Expense | Note 34 | 6,279.06 | 5,162.45 |
| Finance Costs | Note 35 | 183.92 | 315.45 |
| Depreciation & Amortisation Expenses | Note 36 | 1,745.37 | 2,004.41 |
| Other Expenses | Note 37 | 11,214.46 | 8,795.69 |
| Total Expenses | | 84,938.05 | 72,944.77 |
| Profit before exceptional items and tax | | 23,077.75 | 15,118.76 |
| Profit before tax | | 23,077.75 | 15,118.76 |
| Tax Expenses | | | |
| Current Tax | Note 38 | 8,089.35 | 5,650.00 |
| Deferred Tax Expense / (Income) | Note 39 | 636.64 | (81.99) |
| Short / (Excess) provision for earlier years | | 726.23 | 18.01 |
| PROFIT / (LOSS) FOR THE YEAR | | 13,625.53 | 9,532.74 |
| Other Comprehensive Income | | | |
| (A) (i) Items that will not be reclassified to Profit or Loss | | | |
| (a) Changes in fair value of Equity Instruments through OCI | | (0.38) | - |
| (b) Remeasurements of Loss on defined employee benefit plans | | (98.86) | (23.84) |
| (c) Amount recognised in Cashflow Hedging Reserve during the year | | (390.92) | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 171.28 | 8.25 |
| Total Other Comprehensive Income | | (318.88) | (15.59) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 13,306.65 | 9,517.15 |
| Net Profit / (Loss) attributable to :- | | | |
| Owners of the Company | | 13,620.99 | 9,532.74 |
| Non-controlling interest | | 4.55 | - |
| Total Comprehensive Income attributable to :- | | | |
| Owners of the Company | | 13,302.11 | 9,517.15 |
| Non-controlling interest | | 4.55 | - |
| Earnings Per Equity Share | Note 40 | | |
| Basic | | 44.44 | 31.09 |
| Diluted | | 44.44 | 31.09 |

The accompanying notes 1 to 52 are integral part of the consolidated financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: 123423W

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

A) Equity Share Capital

(₹ in lakhs)

| Particulars | No. of Shares | Amounts |
|--|--------------------|-----------------|
| Equity share capital at the beginning of the year i.e. April 01, 2018 | 3,06,59,976 | 1,533.00 |
| Add / (Less) : Changes in equity share capital during the year 2018-19 | - | - |
| Equity Share Capital at the end of the year i.e. March 31, 2019 | 3,06,59,976 | 1,533.00 |

B) Other Equity

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | | | | Other Comprehensive Income | Total |
|---|----------------------|----------------------|--------------------|-------------------|--------------------------------------|---------------|----------------------------|------------------|
| | General Reserve | Amalgamation Reserve | Securities Premium | Retained Earnings | Foreign Exchange Translation Reserve | Legal Reserve | | |
| Balance as at April 01, 2017 | 473.87 | 1,155.24 | *0.00 | 30,761.33 | (51.71) | - | (17.70) | 32,321.03 |
| Add: Profit for the year | - | - | - | 9,532.74 | (23.21) | - | (15.59) | 9,493.94 |
| Add: Other Comprehensive Income (net of tax) | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | 473.87 | 1,155.24 | *0.00 | 40,294.07 | (74.92) | - | (33.29) | 41,814.98 |
| Less: Utilised for Bonus issue of Equity shares | 473.87 | - | *0.00 | 548.13 | - | - | - | 1,022.00 |
| Less: Dividend paid on Equity shares | - | - | - | 2,299.50 | - | - | - | 2,299.50 |
| Less: Dividend Distribution Tax | - | - | - | 468.12 | - | - | - | 468.12 |
| Balance as at March 31, 2018 | - | 1,155.24 | - | 36,978.32 | (74.92) | - | (33.29) | 38,025.35 |
| Add: Profit for the year | - | - | - | 13,625.53 | (255.09) | 1.45 | - | 13,371.89 |
| Add: Other Comprehensive Income (net of tax) | - | - | - | - | - | - | (318.88) | (318.88) |
| Total Comprehensive Income for the year | - | 1,155.24 | - | 50,603.85 | (330.01) | 1.45 | (352.17) | 51,078.36 |
| Less: Dividend paid on Equity shares | - | - | - | 2,146.20 | - | - | - | 2,146.20 |
| Less: Dividend Distribution Tax | - | - | - | 436.92 | - | - | - | 436.92 |
| Less: Transfer to Legal Reserve | - | - | - | 1.45 | - | - | - | 1.45 |
| Less: Non Controlling Interest | - | - | - | 3.11 | - | - | - | 3.11 |
| Balance as at March 31, 2019 | - | 1,155.24 | - | 48,016.17 | (330.01) | 1.45 | (352.17) | 48,490.69 |

* Denoted as amount below ₹1000/-

The accompanying notes **1 to 52** are integral part of the consolidated financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Consolidated Cash Flow Statement

for the period ended March 31, 2019

(₹ in lakhs)

| Particulars | Figures for the Year ended | | Figures for the Year ended | |
|---|----------------------------|------------------|----------------------------|------------------|
| | March 31, 2019 | | March 31, 2018 | |
| Net Profit Before Tax | | 23,077.75 | | 15,118.76 |
| A} Cash flows from operating activities | | | | |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,736.88 | | 2,000.33 | |
| Amortisation of intangible assets | 8.49 | | 4.08 | |
| Loss / (Profit) on sale of fixed assets (net) | (3.61) | | (13.07) | |
| Interest income | (324.94) | | (46.03) | |
| Interest expense | 327.80 | | 207.77 | |
| Remeasurement of Employees benefit Plans | (98.86) | | (23.84) | |
| Change in Foreign Currency Translation Reserve | (255.09) | | (23.21) | |
| Net loss/ (gain) on foreign exchange fluctuations (unrealised) | (1,423.04) | | (1,327.30) | |
| Share of loss from Joint Venture Entity | 335.09 | | 39.04 | |
| Lease rent on Leasehold Properties | 3.56 | | 25.07 | |
| | | 306.27 | | 842.83 |
| Operating profit before working capital movements | | 23,384.02 | | 15,961.59 |
| Movements in working capital: | | | | |
| Decrease / (Increase) in Inventories | (12.65) | | 304.63 | |
| Decrease / (Increase) in Trade Receivables | (913.28) | | (3,607.98) | |
| Decrease / (Increase) in Other Bank Balances | 61.70 | | 224.16 | |
| Decrease / (Increase) in Current Financial Assets : Loans | - | | (23.26) | |
| Decrease / (Increase) in Current Financial Assets : Others | 16.21 | | (0.19) | |
| Decrease / (Increase) in Other Current Assets | 560.01 | | (2,546.44) | |
| (Decrease) / Increase of Current Financial Liabilities : Borrowings | (3,341.78) | | 1,334.69 | |
| (Decrease) / Increase in Trade Payables | (1,655.91) | | 579.79 | |
| (Decrease) / Increase in Current Financial Liabilities : Others | 14.64 | | 18.78 | |
| (Decrease) / Increase in Other Current Liabilities | 113.80 | | (863.98) | |
| (Decrease) / Increase in Current Provisions | 230.10 | | 216.50 | |
| | | (4,927.17) | | (4,363.31) |
| Cash generated from operations | | 18,456.85 | | 11,598.28 |
| Income tax paid | | (8,613.36) | | (5,087.34) |
| Net cash flows from operating activities (A) | | 9,843.49 | | 6,510.94 |

Cash Flow Statement for the period ended March 31, 2019 (Contd.)

(₹ in lakhs)

| Particulars | Figures for the Year ended | Figures for the Year ended |
|---|-------------------------------|-------------------------------|
| | March 31, 2019 | March 31, 2018 |
| B} Cash flows (used in) / generated from investing activities | | |
| Purchase of property, plant and equipment, including CWIP | (8,177.33) | (4,027.38) |
| Prepaid rent in leasehold properties | (1,110.99) | - |
| (Advances given)/received back for Capital goods | 54.60 | (1,165.36) |
| Purchase of intangible assets | (16.32) | (9.76) |
| Proceeds from sale of property, plant and equipment | 6.48 | 23.61 |
| Additional Investment in Bank fixed deposits | (149.15) | (18.25) |
| Additional Investment in Joint Ventures | (271.29) | - |
| Interest received | 324.94 | 46.03 |
| Net cash flows used in investing activities (B) | (9,339.06) | (5,151.11) |
| C} Net cash flows (used in)/ generated from financing activities | | |
| Proceeds from Non Current Borrowings | 10,808.02 | - |
| Security Deposit received back / (given) | (75.33) | (41.74) |
| Advance given to Employees | (4.08) | - |
| Dividend and Dividend distribution tax paid | (2,583.12) | (2,767.62) |
| Interest paid | (327.80) | (207.77) |
| Net loss/ (gain) on foreign exchange fluctuations | 1,423.04 | 1,327.30 |
| Net cash flows (used in)/from financing activities (C) | 9,240.74 | (1,689.82) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 9,745.17 | (329.99) |
| Cash and cash equivalents at the beginning of the year | 1,067.02 | 1,397.01 |
| Cash and cash equivalents at the year end {Refer to note no. 14} | 10,812.19 | 1,067.02 |
| Components of cash and cash equivalents : | | |
| Balances with banks | | |
| In Current Accounts | 2,282.53 | 744.86 |
| In Exchange Earning Foreign Currency Account | 934.41 | 302.66 |
| In Fixed Deposit Account | 7,574.92 | 3.65 |
| Cash on hand | 20.33 | 15.85 |
| | 10,812.19 | 1,067.02 |

The Accompanying notes 1 to 52 are integral part of the consolidated financial statements.

As per our report of even date
For **B Y & Associates**
Chartered Accountants
ICAI Firm Registration No.: **123423W**

CA Bhavesh Vora
Partner
Membership No. **043908**
Place: Mumbai
Date : May 27, 2019

For and on behalf of the Board of Directors
Fine Organic Industries Limited

Prakash Kamat
Chairman

Tushar Shah
Director & CFO
Place: Mumbai
Date : May 27, 2019

Mukesh Shah
Managing Director

Pooja Gaonkar
Company Secretary

Jayen Shah
Director & CEO

Notes Forming Integral Part of the Consolidated Financial Statements

1. CORPORATE INFORMATION

Fine Organic Industries Limited “the Parent Company” {formerly known as “Fine Organic Industries Private Limited”} is a Public Limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The Parent Company was converted in to Public Company with effect from November 02, 2017 and consequently the name of the Company has changed from Fine Organics Industries Private Limited to Fine Organic Industries Limited. The registered office of the Parent Company is situated in the State of Maharashtra.

The Consolidated Financial Statements were approved and authorised for issue with the resolution of the Board of Directors on May 27, 2019 and are subject to the approval of Shareholders in the Annual General Meeting.

The Parent Company carries on business in India and abroad, as manufacturers, processors, suppliers, distributors, dealers, importers, exporters of wide range of oleochemical-based additives used in foods, plastics, cosmetics, coatings and other specialty application in various industries.

The subsidiaries are engaged in trading of products manufactured by the Parent Company.

One of its jointly controlled entity incorporated in India is into the business of manufacturing, processing, supplying, distribution, dealership, importing and exporting of powder premixes for bakery & confectionary products and pan release agents.

The Parent Company has completed Initial Public offering (IPO) of 76,64,994 shares of ₹5/- each at an offer price of ₹783/- per Equity Share aggregating to ₹60,017 lakhs through offer for sale. Equity shares of

the Parent Company were listed on July 2, 2018 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The accompanying Consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 notified under section 133 of the Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act.

2.2 Functional and presentation currency

These Consolidated Financial Statements are presented in Indian rupees, which is also the Group’s functional currency. All amounts have been reported in INR, unless otherwise indicated.

2.3 Basis of measurement

The consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain Financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- Net defined benefit (assets)/ liabilities that are measured at fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

The preparation of the Consolidated Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which

The Parent Company has following investments in Subsidiaries and Joint Ventures:

| Particulars | Name of Entity | | | |
|---|----------------------------|----------------------------|--------------------------------|--------------------------|
| | Fine Organics (USA), Inc | Fine Organics Europe BVBA | Fine Zeelandia Private Limited | FineADD Ingredients GmbH |
| Principal place of business and Country of incorporation | United States of America | Belgium | India | Germany |
| Description of the method used to account for investments | Line by line Consolidation | Line by line Consolidation | Equity method | Equity method |
| Investee relationship | Subsidiary | Subsidiary | Joint Venture | Joint Venture |
| Proportion of ownership interest | 100.00% | 99.46% | 50.00% | 50.00% |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2019 are as follows:

a) Property, plant and equipment

Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act except plant & machineries, which in the opinion of the Management represent the useful lives as they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) Revenue from contracts with customers

The Group's contracts with customers include promises to transfer goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future

performance obligations and whether costs are expected to be recovered.

c) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

d) Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits, if any. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

e) Contingent liabilities, Commitments and Litigations

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Litigation

From time to time, the Group might be subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

2.5 Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both Financial and non-Financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the Management. The Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a Financial asset or a Financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level-1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level-2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level-3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers

between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.7 Current / non-current classification

An entity shall classify an asset as current when:

- a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- b) It holds the asset primarily for the purpose of trading;
- c) It expects to realise the asset within twelve months after the reporting period; or
- d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

- a) It expects to settle the liability in its normal operating cycle;
- b) It holds the liability primarily for the purpose of trading;
- c) The liability is due to be settled within twelve months after the reporting period; or
- d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

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

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

2.8 Basis of consolidation

The Consolidated financial statements (CFS) comprise the financial statements of the Parent Company and its subsidiaries and its jointly controlled entities as at the reporting date.

Subsidiaries

Subsidiaries include all the entities over which the Parent Company has control. The Parent Company controls an entity when the Group is exposed to, or has rights to, variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which the Parent Company attains control and are deconsolidated from the date that control ceases to exist.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting (see(c) below).

The CFS have been prepared on the following basis

- a) The financial statements of the Parent Company and its subsidiary companies have been consolidated on a line by line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries entities are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.
- b) The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate.
- c) The CFS includes the share of profit / loss of the joint ventures which are accounted as per the 'equity method'.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's

share of the post acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable, if any from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

- d) The CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements.
- e) Non-controlling interests, if any in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment (PPE)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises:

- a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) Any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by Management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

Gains or losses arising from derecognition of a property, plant and equipment 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 and Loss when the asset is derecognised.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital advances under "Other non-current assets".

Leasehold rent payable to MIDC relating to new project, during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Current Assets and the same will be amortised over a period of 5 years from the year of commencement of project.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated on pro-rata basis using the diminishing balance method on cost of items of property, plant and equipment less their estimated residual values over the estimated residual useful lives based on Schedule II of the Companies Act, 2013 except for plant and machinery

In case of plant & machinery, based on internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives for these assets may differ from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. 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.

The estimated useful lives of items of property, plant and equipment are as follows:

| Tangible Assets | Useful lives as per Schedule II |
|-------------------------|--|
| Buildings | 30 Years |
| Computers | 3 Years |
| Plant & Machinery | 5 - 15 Years |
| Furniture and Fixtures | 10 Years |
| Electrical Installation | 10 Years |
| Motor Cars & Vehicles | 8 Years |
| Office Equipments | 5 Years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.2 Intangible Assets

Recognition and measurement

Intangible assets comprise of computer software and patents, which are acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the diminishing value method over their estimated useful lives, and is included in depreciation and amortisation in the Statement of profit and loss.

Intangible assets are amortised over the estimated useful lives as given below:

| Intangible Assets | Useful life |
|--------------------------|--------------------|
| Computer Software | 3 Years |
| Patents | 10 Years |

3.3 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale less any investment income on the temporary investment of those borrowings.

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

3.4 Impairment of non-Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

3.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets

and liabilities for Financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

Minimum Alternate Tax (MAT) credit is recognised as a Deferred Tax Asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods, consumables and stores & spares are carried at the lower of cost and net realisable value.

The cost of inventories is based on weighted average basis and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity of production facilities.

Net realisable value is 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.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

3.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and less than 12 months which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term

deposits, as defined above, as they are considered an integral part of the Group's cash management.

3.8 Trade Payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of Financial year which are unpaid. Trade and other payables are reported as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.9 Financial instruments

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

Financial assets

Initial recognition and measurement

All Financial assets are recognised initially at fair value plus, in the case of Financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial asset. Purchases or sales of Financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A Financial asset is measured at amortised cost using the effective interest rate method, if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A Financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial assets and the contractual terms of the Financial asset give

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A Financial asset which is not classified in any of the above categories is measured at FVTPL.

Investment in Subsidiaries, Associates and Joint Ventures

The Group has opted to account for its investments in subsidiaries, associates and joint venture at cost less provision for diminution other than temporary.

Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has made an irrevocable choice to present the value changes in 'Other Comprehensive Income'.

Impairment of Financial assets

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the Financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the Financial instrument)

For trade receivables, the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

All Financial liabilities are recognised at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Derivative financial instruments and Hedge Accounting

The Group uses various derivative financial instruments such as forwards, options and Interest rate swaps to mitigate the risk of changes in exchange rates and Interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as Financial assets when the fair value is positive and as Financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial assets or non-financial liability.

In case of loss / gains from interest rate swaps, directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedge

The Group designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair value hedge

The Group designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

b) Derecognition of financial instruments

The Group derecognises a Financial asset when the contractual rights to the cash flows from the Financial asset expire or it transfers the Financial asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a Financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

c) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Group has legally enforceable right to set off the amount and it intends, either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

3.10 Business combinations

Business combinations are accounted for using Ind AS 103 Business combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognised in the statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their respective fair value at the acquisition date, except certain assets and liabilities required to be measured as per applicable standards. Purchase consideration in excess of the Group's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as Goodwill. Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired as Capital reserve i.e. Amalgamation reserve.

Business combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value, no adjustment are made to reflect fair values, or recognise any new assets or liabilities. The identity of the reserves is preserved and appears in the Financial Statements of the transferee in the same form in which they appeared in the Financial Statements of the transferor.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

3.11 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Sale of products

Revenue from sale of goods is recognised on the basis of approved contracts, when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and acceptance by the buyer. Any additional amount based on the terms of the agreement entered into with customers, is recognised in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Group does not provide any warranties or maintenance contracts to its customers.

As per erstwhile Ind AS 18, the Parent Group has assumed that recovery of excise duty (up to June 2017) flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

Variable consideration

This includes incentives, volume rebates, discounts etc. It 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. It is reassessed at end of each reporting period.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Cost to obtain a contract

The Group pays sales commission to its selling agents for each contract that they obtain for the group. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows it to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised.

Other operating revenues

Other operating revenue mainly consists of sale of scrap arising from the production of finished goods.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the Financial instrument or a shorter period, where appropriate, to the gross carrying amount of the Financial asset or to the amortised cost of a Financial liability.

Interest income is included in finance income in the Statement of profit and loss

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

Insurance and other claims

Revenue in respect of insurance and other claim is recognised only on reasonable certainty of ultimate collection.

3.12 Foreign Currencies

The Financial Statements are presented in Indian rupees, which is the functional and presentation currency of the group and Items included in the financial statements of each of the groups entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency").

Transactions and balances

Transactions in foreign currencies are initially recorded by the group at its 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 profit or loss.

3.13 Employee benefits

Short term employee benefits

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are reported as current employee benefits payable in the balance sheet.

Post-employment benefits

a) Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting

period on government bonds that have terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Employee Benefit Expense in the Statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

b) Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

3.14 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the Management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

3.16 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Parent Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.17 Earnings per share (EPS)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.18 Ind AS yet to be notified

Ind AS 116 - Leases

On March 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessees. This will result in the

group recognising right of use assets representing its right to use the underlying asset and lease liability representing its obligation to make lease payments in the books. The Group will recognise new assets and liabilities for certain operating leases of land, offices and warehouse. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities as per provisions of Ind AS 116. There are recognition exemptions for short-term leases and leases of low-value items.

The Group is in the process of carrying out a detailed assessment of Ind AS 116 and consequently the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable presently.

The amendment will come into force from April 01, 2019 and the Group plans to apply this using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

3.19 Amendments in existing Ind AS

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Employee benefits

The amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments,

curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

Ind AS 28 – Long-term interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect any impact from this amendment.

Ind AS 103 – Business combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 4 - NON CURRENT ASSETS : PROPERTY, PLANT AND EQUIPMENT (PPE)

| (₹ in lakhs) | | | | | | | | | | | | |
|--------------------------------|---|------------------------------|--------------------|---------------------------|---------------------------------|------------------------------------|------------------------------------|---------------------------|----------------------------|----------|----------|---|
| Particulars | Factory / Research Centre Building | Residen- tial Premises | Office Premises | Factory Flat / Land | Plant and Equip- ments | Electri- cal Equip- ments | Labo- ratory Equip- ments | Office Equip- ments | Furniture & Fixtures | Computer | Vehicles | Total Property Plant and Equipment |
| Gross Carrying Amount | | | | | | | | | | | | |
| Balance as at April 01, 2017 | 8,395.28 | 77.44 | 92.35 | 2.76 | 10,545.55 | 950.51 | 636.68 | 436.64 | 645.90 | 441.87 | 678.06 | 22,903.04 |
| Add: Additions during the year | 203.74 | - | - | - | 608.96 | 23.20 | 7.37 | 72.80 | 11.25 | 72.02 | 140.29 | 1,139.63 |
| Less: Disposals/ adjustments | - | - | - | - | 8.59 | - | - | - | - | - | 79.88 | 88.47 |
| Balance as at March 31, 2018 | 8,599.02 | 77.44 | 92.35 | 2.76 | 11,145.92 | 973.71 | 644.05 | 509.44 | 657.15 | 513.89 | 738.47 | 23,954.20 |
| Add: Additions during the year | 92.08 | - | - | - | 258.64 | 25.68 | 39.64 | 49.96 | 4.31 | 40.10 | 205.31 | 715.72 |
| Less: Disposals/ adjustments | - | - | - | - | - | - | - | - | - | - | 24.41 | 24.41 |
| Balance as at March 31, 2019 | 8,691.10 | 77.44 | 92.35 | 2.76 | 11,404.56 | 999.39 | 683.69 | 559.40 | 661.46 | 553.99 | 919.37 | 24,645.51 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance as at April 01, 2017 | 3,298.85 | 7.77 | 59.71 | 1.09 | 7,316.49 | 613.24 | 490.22 | 271.51 | 432.83 | 308.25 | 425.80 | 13,225.76 |
| Add: Depreciation for the year | 494.30 | 3.38 | 1.59 | 0.08 | 1,047.60 | 93.79 | 35.37 | 82.64 | 54.35 | 93.38 | 93.84 | 2,000.32 |
| Less: Disposals/ adjustments | - | - | - | - | 5.08 | - | - | - | - | - | 72.86 | 77.94 |
| Balance as at March 31, 2018 | 3,793.15 | 11.15 | 61.30 | 1.17 | 8,359.01 | 707.03 | 525.59 | 354.15 | 487.18 | 401.63 | 446.78 | 15,148.14 |
| Add: Depreciation for the year | 456.84 | 3.22 | 1.52 | 0.08 | 859.73 | 72.13 | 36.31 | 71.65 | 40.06 | 73.77 | 121.56 | 1,736.87 |
| Less: Disposals/ adjustments | - | - | - | - | - | - | - | - | - | - | 21.57 | 21.57 |
| Balance as at March 31, 2019 | 4,249.99 | 14.37 | 62.82 | 1.25 | 9,218.74 | 779.16 | 561.90 | 425.80 | 527.24 | 475.40 | 546.77 | 16,863.44 |
| Net Carrying Amount | | | | | | | | | | | | |
| Balance as at March 31, 2018 | 4,805.87 | 66.29 | 31.05 | 1.60 | 2,786.92 | 266.69 | 118.46 | 155.29 | 169.97 | 112.26 | 291.69 | 8,806.06 |
| Balance as at March 31, 2019 | 4,441.12 | 63.08 | 29.53 | 1.51 | 2,185.82 | 220.23 | 121.80 | 133.60 | 134.22 | 78.59 | 372.60 | 7,782.07 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 5 - NON CURRENT ASSETS : CAPITAL WORK IN PROGRESS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Balance as at the beginning of the year | 3,167.49 | 279.74 |
| Additions during the year | 7,946.12 | 3,706.69 |
| Capitalisation during the year | 484.52 | 818.94 |
| Balance as at the end of the year | 10,629.09 | 3,167.49 |

NOTE 5.1 - DISCLOSURE FOR COSTS PERTAINING TO EXTERNAL COMMERCIAL BORROWING TRANSFERRED TO CWIP

The Company has obtained External Commercial Borrowing (ECB) for the purpose of capital expenditure. Accordingly, the exchange difference on retranslation of principal amount of ECB, interest expenses on ECB after netting off the interest income on fixed deposit placed out of unutilised fund from ECB and interest rate swap premium till the date of commencement of project has been added to CWIP.

NOTE 5.2 - DISCLOSURE FOR AMOUNT TRANSFERRED TO CWIP

Purchase price of assets under construction along with the installation expenses are booked under Capital Work-in-Progress till the date of capitalisation of the project. Further, the borrowing cost, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets and other indirect expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as expenses in capital nature and disclosed under Capital Work-in-Progress (CWIP).

NOTE 6 - NON CURRENT ASSETS : INTANGIBLE ASSETS

(₹ in lakhs)

| Particulars | Software | Patents | Total Intangible Assets |
|-------------------------------------|--------------|--------------|-------------------------|
| Gross Carrying Amount | | | |
| Balance as at April 01, 2017 | 13.59 | 18.45 | 32.04 |
| Add: Additions during the year | 3.43 | 6.33 | 9.76 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2018 | 17.02 | 24.78 | 41.80 |
| Add: Additions during the year | 13.68 | 2.64 | 16.32 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2019 | 30.70 | 27.42 | 58.12 |
| Accumulated Depreciation | | | |
| Balance as at April 01, 2017 | 8.89 | 2.14 | 11.03 |
| Add: Depreciation for the year | 1.99 | 2.10 | 4.09 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2018 | 10.88 | 4.24 | 15.12 |
| Add: Depreciation for the year | 5.69 | 2.80 | 8.49 |
| Less: Disposals/ adjustments | - | - | - |
| Balance as at March 31, 2019 | 16.57 | 7.04 | 23.61 |
| Net Carrying Amount | | | |
| Balance as at March 31, 2018 | 6.14 | 20.54 | 26.68 |
| Balance as at March 31, 2019 | 14.13 | 20.39 | 34.51 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 7 - NON CURRENT FINANCIAL ASSETS : INVESTMENTS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Unquoted investment in Equity instruments of Jointly Controlled Entity (at Cost) | | |
| (i) Fine Zeelandia Private Limited | 950.89 | 1,055.95 |
| (Current Year: 1,31,84,250 shares of ₹10/- each fully paid up) | | |
| (Previous Year: 1,12,84,250 shares of ₹10/- each fully paid up) | | |
| (ii) FineADD Ingredients GmbH | 41.26 | - |
| (Current Year: 1,000 shares of Euro 100 each fully paid up) | | |
| (Previous Year: Nil shares) | | |
| Unquoted investment in Equity instruments at FVTOCI | | |
| (i) Saraswat Co-Operative Bank Limited | 4.78 | 5.15 |
| (Current Year: 2,500 shares of ₹10/- each fully paid up) | | |
| (Previous Year: 2,500 shares of ₹10/- each fully paid up) | | |
| Total | 996.93 | 1,061.10 |

NOTE 8 - NON CURRENT FINANCIAL ASSETS : LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Loan to employees | 100.82 | 96.74 |
| Total | 100.82 | 96.74 |

NOTE 9 - NON CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Security deposits (amortised cost) | 31.96 | 15.87 |
| Fixed Deposits with Bank (original maturity of more than 12 months) | 176.07 | 26.92 |
| Total | 208.03 | 42.79 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 10 - DEFERRED TAX ASSETS (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Tax effect of items constituting deferred tax liabilities | | |
| Property, Plant and Equipment & Intangible Assets | 237.37 | 2.42 |
| Others | 68.11 | 106.02 |
| Gross Deferred Tax Liability (a) | 305.48 | 108.44 |
| Tax effect of items constituting deferred tax assets | | |
| Property, Plant and Equipment & Intangible Assets | - | 447.29 |
| Others | 324.99 | 146.02 |
| Gross Deferred Tax Asset (b) | 324.99 | 593.31 |
| Deferred Tax Assets (Net) (b-a) | 19.51 | 484.87 |

NOTE 11 - OTHER NON CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Capital advances (unsecured, considered good) | 3,568.40 | 3,623.00 |
| Security deposits | 216.19 | 156.96 |
| Income tax refund receivable | 17.42 | 50.88 |
| Prepaid rent on leasehold land & premises | 3,247.47 | 2,140.04 |
| Total | 7,049.48 | 5,970.88 |

NOTE 12 - CURRENT ASSETS : INVENTORIES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Raw materials and Packing materials | 4,537.50 | 4,459.65 |
| Semi-finished goods | 281.60 | 147.42 |
| Trading goods | 1,026.09 | 582.85 |
| Finished goods | 2,090.75 | 2,873.95 |
| Consumables | 43.61 | 39.40 |
| Stores & spares | 946.75 | 810.38 |
| Total | 8,926.30 | 8,913.65 |

NOTE 13 - CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured, considered good | - | - |
| Unsecured | | |
| Considered good | 14,991.76 | 14,575.64 |
| From related parties {refer to note no. 42(b)} | 570.12 | 72.96 |
| Which have significant increase in credit risk | 117.57 | 205.00 |
| Less: Allowance for Expected Credit Loss | 117.57 | 205.00 |
| Total | 15,561.88 | 14,648.60 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 14 - CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Balances with Banks | | |
| In Current accounts | 2,282.53 | 744.86 |
| In Exchange Earning Foreign Currency account | 934.41 | 302.66 |
| In Fixed deposit account {refer to note no. 14.1} | 7,574.92 | 3.65 |
| (With original maturity of less than 3 Months) | - | - |
| Cash on hand | 20.33 | 15.85 |
| Cash and cash equivalents in the statement of cash flow | 10,812.19 | 1,067.02 |

NOTE 14.1 - DISCLOSURE OF FIXED DEPOSITS

Includes ₹3,800.00 lakhs (Previous Year : NIL) created out of unutilised Foreign Currency Borrowings.

NOTE 15 - CURRENT FINANCIAL ASSETS : BANK BALANCES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Balances with Banks | | |
| In Fixed deposits | 108.74 | 170.43 |
| (with original maturity of more than 3 months and 12 months or less) | | |
| Total | 108.74 | 170.43 |

NOTE 16 - CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured, considered good | | |
| Security deposits | 27.55 | 43.76 |
| Total | 27.55 | 43.76 |

NOTE 17 - CURRENT TAX ASSETS (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Income tax (net of provision for income tax) | 437.22 | 376.82 |
| Total | 437.22 | 376.82 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 18 - CURRENT ASSETS : OTHER CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Prepaid expenses | 200.28 | 190.48 |
| Balance with Statutory / Government authorities * | 5,083.55 | 3,840.66 |
| Insurance claim receivable | - | 88.26 |
| Gratuity fund balance with LIC of India | 28.07 | 16.90 |
| Other advances (including advance to suppliers) | 2,232.28 | 3,967.90 |
| Total | 7,544.19 | 8,104.20 |

* Balances with Government authorities primarily include amounts realisable for GST, the unutilised GST input tax credits. These are generally realised within one year or utilised regularly. Accordingly, these balances have been classified as "Other Current Assets".

NOTE 19 - EQUITY SHARE CAPITAL

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Authorised | | |
| 4,00,00,000 Equity Shares of ₹5/- each (#) | 2,000.00 | 2,000.00 |
| (Previous year: 4,00,00,000 Equity Shares of ₹5/- each) | | |
| Total | 2,000.00 | 2,000.00 |
| ISSUED, SUBSCRIBED AND PAID-UP | | |
| 3,06,59,976 Equity Shares of ₹5/- each | 1,533.00 | 1,533.00 |
| (Previous year: 3,06,59,976 Equity Shares of ₹5/- each) | | |
| Total | 1,533.00 | 1,533.00 |

(#) As per the Scheme of Amalgamation, the authorised share capital of the Transferor Companies Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") amounting to 1,00,000 shares of ₹10 each are transferred to and merged with the authorised share capital of the Amalgamated Company. Also refer to note no. 19.6 regarding sub-division of shares.

NOTE 19.1 - RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Number of shares at the beginning of the year | 3,06,59,976 | 48,29,996 |
| Add: Issued on account of Amalgamation with FRDCPL & FSSPL | - | 2,80,000 |
| Add: Issued on account of Bonus issue | - | 1,02,19,992 |
| Add: Issued on account of Subdivision of shares {refer to note no. 19.6} | - | 1,53,29,988 |
| Number of shares at the end of the year | 3,06,59,976 | 3,06,59,976 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 19.2 - TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Parent Company has one class of equity shares having a par value of ₹5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTE 19.3 - DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5 % SHARES OF THE PARENT COMPANY

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of Shares | % in Share Capital | Number of Shares | % in Share Capital |
| Mukesh Maganlal Shah | 17,64,045 | 5.75% | 25,88,442 | 8.44% |
| Prakash Damodar Kamat | 44,52,835 | 14.52% | 59,82,840 | 19.51% |
| Jayen Ramesh Shah | 34,23,627 | 11.17% | 49,53,630 | 16.16% |
| Jyotsna Ramesh Shah | 43,25,886 | 14.11% | 58,70,862 | 19.15% |
| Bimal Mukesh Shah | 21,16,827 | 6.90% | 28,22,436 | 9.21% |
| Tushar Ramesh Shah | 36,99,182 | 12.07% | 52,29,186 | 17.06% |

NOTE 19.4 - DETAILS OF SHARES RESERVED FOR OPTIONS AND CONTRACTS / COMMITMENTS FOR SALE OF SHARES / DISINVESTMENT

The Group has not reserved any shares for issue of options and contracts / commitments for sale of shares / disinvestment.

NOTE 19.5 - DETAILS OF CALLS UNPAID

There is no calls unpaid.

NOTE 19.6 - SUBDIVISION OF SHARES

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 2 shares of face value of ₹5/- each for every existing 1 share of the face value of ₹10/- each.

The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on November 6, 2017.

NOTE 19.7 - AGGREGATE NUMBER OF BONUS SHARES ISSUED, SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH DURING THE PERIOD OF FIVE YEARS IMMEDIATELY PRECEDING THE REPORTING DATE

- (i) The Group has issued 2,80,000 Equity Shares of ₹10/- Each in Financial Year 2016-17 for consideration other than cash to the shareholders of Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") on account of Amalgamation.

(Previous year: 2,80,000 Equity shares of ₹10/- each)

- (ii) During the year ended March 31, 2018 the Company has issued 1,02,19,992 Equity shares of ₹10/- each (Pre Subdivision of shares) pursuant to the bonus issue of shares vide special resolution approved by the shareholders dated October 16, 2017.

The Company has allotted 2 (Two) fully paid up equity shares of ₹10/- each for every 1 (One) Equity shares held by the shareholders (including shares issued to the shareholders on account of Amalgamation with FRDCPL & FSSPL).

Later on as per special resolution dated November 06, 2017 such shares are sub divided in to the ratio of 2 (Two) shares of face value of ₹5/- each for every existing 1 (One) share of the face value of ₹10/- each.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 20 - OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (a) General reserve (#) | | |
| Balance as at the beginning of year | - | 473.87 |
| Less: Utilised for the purpose of Bonus issue | - | 473.87 |
| Balance as at the end of the year | - | - |
| (b) Amalgamation reserve | 1,155.24 | 1,155.24 |
| (Includes ₹4.23 lakhs on account of Amalgamation) | | |
| (c) Securities premium account | | |
| Balance as at the beginning of year | - | *0.00 |
| Less: Utilised for the purpose of Bonus issue | - | *0.00 |
| Balance as at the end of the year | - | - |
| (d) Retained earnings (\$) | | |
| Balance as at the beginning of year | 36,978.32 | 30,761.33 |
| Add: Profit for the year | 13,625.53 | 9,532.74 |
| Less: Utilised for the purpose of Bonus issue | - | 548.13 |
| Dividend paid on Equity shares | 2,146.20 | 2,299.50 |
| Dividend Distribution Tax Paid | 436.92 | 468.12 |
| Transfer to Legal reserve | 1.45 | - |
| Non Controlling interest | 3.11 | - |
| Balance as at the end of the year | 48,016.17 | 36,978.32 |
| (e) Other Comprehensive Income | | |
| Balance as at the beginning of year | (33.29) | (17.70) |
| Add: Other Comprehensive Income for the year | (318.88) | (15.59) |
| Balance as at the end of the year | (352.17) | (33.29) |
| (f) Foreign Exchange Translation Reserve | | |
| Balance as at the beginning of year | (74.92) | (51.71) |
| Add: Addition / (Deletion) | (255.09) | (23.21) |
| Balance as at the end of the year | (330.01) | (74.92) |
| (g) Legal Reserve | | |
| Balance as at the beginning of year | - | - |
| Add: Addition / (Deletion) | 1.45 | - |
| Balance as at the end of the year | 1.45 | - |
| Total (a + b + c + d + e + f + g) | 48,490.69 | 38,025.35 |

(*) Denoted as amount below ₹1000/-.

(#) Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn, though the Group may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

(\$) Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 21 - NON CONTROLLING INTEREST

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Non Controlling interest in Subsidiary | 0.08 | 0.08 |
| Add:- Share of current year's profit | 4.55 | - |
| Less:- Share of previous year's accumulated loss | (1.43) | - |
| Total | 3.20 | 0.08 |

NOTE 22 - NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Secured Loans | | |
| Foreign Currency Borrowings - External Commercial Borrowings | | |
| From Bank {refer to note no. 22.1} | 10,808.02 | - |
| Less : Current maturity {refer to note no. 26} | (1,525.84) | - |
| Total | 9,282.18 | - |

NOTE 22.1 - DISCLOSURE TO NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

- The foreign currency borrowings is secured against exclusive charge on specific Land & building and Plant & machinery of the borrower at plot no. N-42/1, MIDC, Anand Nagar, Additional Ambarnath Industrial Area, Ambarnath - 421501, Maharashtra.
- Remaining tenure of the borrowing is 45 Months
- Uncommitted amount from foreign currency borrowings is USD 31.25 lakhs and same is expected to be raised during FY 2019-20.

NOTE 23 - NON CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Derivatives designated as Hedge | | |
| Interest rate swaps | 390.92 | - |
| Total | 390.92 | - |

NOTE 24 - CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Secured loans | | |
| From Scheduled Banks repayable on demand | | |
| Cash Credit facility {refer to note no. 24.1} | 2,019.15 | 5,360.92 |
| Total | 2,019.15 | 5,360.92 |

NOTE 24.1 - DISCLOSURE TO CURRENT FINANCIAL LIABILITIES : BORROWINGS

Secured Loans from banks on Cash Credit are secured by way of hypothecation of stocks of raw materials, finished products, stores and work-in-progress as well as book debts.

NOTE 25 : CURRENT FINANCIAL LIABILITIES : TRADE PAYABLES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Outstanding due to Micro and Small Enterprises {refer to note no. 25.1} | 344.62 | 544.47 |
| Others | 4,993.87 | 6,449.93 |
| Total | 5,338.49 | 6,994.40 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 25.1 - DISCLOSURE TO TRADE PAYABLE

Outstanding due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Dues to micro enterprises and small enterprises

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Group on the basis of the information available with the Group and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro enterprises and small enterprises amounting to ₹344.62 lakhs (Previous Year: ₹544.47 lakhs). The disclosure pursuant to MSMED Act based on the books of account is as under:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (i) Principal amount due and remaining unpaid | 344.62 | 544.47 |
| (ii) Interest due on above and the unpaid interest | 4.67 | 1.91 |
| (iii) Interest paid in terms of section 16 of MSMED Act | - | - |
| (iv) Amount of payments made to supplier beyond the appointed day | - | - |
| (v) Amount of interest due and payable for the period of delay on payment made beyond the appointed day during the year without adding interest specified under MSMED Act, 2006 | - | - |
| (vi) Amount of interest accrued and remaining unpaid | 4.67 | 1.91 |
| (vii) Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the MSMED Act, 2006 | - | - |

NOTE 26 - CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Current maturities of long-term borrowings | 1,525.84 | - |
| Trade / Security deposits to supplier | 124.32 | 109.94 |
| Dividend payable | 0.25 | - |
| Total | 1,650.41 | 109.94 |

NOTE 27 - OTHER CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Statutory dues liabilities | 124.22 | 69.05 |
| Contractual liabilities {refer to note no. 30.1} | 152.71 | 151.72 |
| Other liabilities | 80.40 | 22.77 |
| Total | 357.33 | 243.54 |

NOTE 28 - CURRENT LIABILITIES : PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Provision for CSR expenses {refer to note no. 37.1} | 446.60 | 216.50 |
| Total | 446.60 | 216.50 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 29 - CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Income tax (net of Income tax paid) | 726.53 | 497.37 |
| Total | 726.53 | 497.37 |

NOTE 30 - REVENUE FROM OPERATIONS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| (A) Revenue from contracts with customers | | |
| Sales - Specialty chemicals | 1,05,004.45 | 85,180.26 |
| Sales - others | 1,028.62 | 1,284.10 |
| Total [A] | 1,06,033.07 | 86,464.36 |
| (B) Other Operating Revenue | | |
| Income from sale of Scrap | 0.21 | 1.74 |
| Total [B] | 0.21 | 1.74 |
| Total [A] + [B] | 1,06,033.28 | 86,466.10 |

NOTE 30.1 - OTHER DISCLOSURE RELATING TO REVENUE FROM CONTRACTS WITH CUSTOMERS (IND AS 115)

The Group is primarily in the Business of manufacture and sale of Specialty chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/ delivery. The Group evaluates the credit limits for the trade receivables. The Group does not give significant credit period resulting in no significant financing component.

Further, disaggregation of revenue based on geography has been mentioned under segment information.

{refer Note 43.3}

Reconciliation of Revenue recognised from contracts with customers with Contract liabilities

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Opening contract liability | 151.72 | 253.33 |
| Less: Recognised as revenue during the year | 7,775.58 | 5,256.90 |
| Add: Addition to contract liability during the year | 7,776.57 | 5,155.29 |
| Closing Contract liability | 152.71 | 151.72 |

Reconciliation of revenue as per contract price and as recognised in statement of profit and loss

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Revenue from contract with customer as per contract price | 1,06,265.61 | 86,821.05 |
| Less: Discounts and rebates | 20.25 | 251.57 |
| Less: Sales returns | 212.29 | 105.12 |
| Revenue from contract with customer as per statement of profit and loss | 1,06,033.07 | 86,464.36 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 31 - OTHER INCOME

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Gross interest income | 324.94 | 46.03 |
| Less: FD interest on utilised borrowings transferred to CWIP | 157.44 | - |
| Net interest income {refer to note no. 31.1} | 167.50 | 46.03 |
| Dividend income | 0.04 | 0.08 |
| Net gain on foreign exchange fluctuations | 1,423.04 | 1,331.70 |
| Reversal of Expected Credit Loss provision | 87.43 | - |
| Other non operating income | | |
| Profit on sale of Property, Plant and Equipment | 3.61 | 13.07 |
| Insurance claim received | 3.65 | 118.32 |
| Miscellaneous income | 12.14 | 18.23 |
| Licence fees | 285.11 | - |
| Compensation received | - | 70.00 |
| Total | 1,982.52 | 1,597.43 |

NOTE 31.1 - PARTICULARS OF INTEREST INCOME

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Interest income from Financial assets on amortised cost basis [at EIR] | 115.23 | 28.06 |
| Interest income from Non financial assets | 52.27 | 17.97 |
| Total | 167.50 | 46.03 |

NOTE 32 - COST OF MATERIAL CONSUMED

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Raw materials and Packing materials consumed | | |
| Opening Stock at the beginning of the year | 4,459.65 | 4,200.00 |
| Add : Purchases and incidental expenses | 64,861.69 | 55,081.31 |
| | 69,321.34 | 59,281.31 |
| Less : Closing stock at the end of the year | 4,537.50 | 4,459.65 |
| Total | 64,783.84 | 54,821.66 |

NOTE 32.1 - PURCHASE OF STOCK-IN-TRADE

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------|--------------------------------------|--------------------------------------|
| Traded goods | 525.62 | 364.51 |
| Total | 525.62 | 364.51 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 32.2 - PARTICULARS OF MATERIAL CONSUMED

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------|--------------------------------------|--------------------------------------|
| Raw materials | 62,104.90 | 53,197.44 |
| Packing materials | 2,678.94 | 1,624.22 |
| Total | 64,783.84 | 54,821.66 |

NOTE 33 - CHANGES IN FINISHED GOODS, WORK-IN-PROGRESS AND TRADING GOODS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| A] Opening stock of inventories | | |
| Finished goods | 2,873.95 | 3,759.57 |
| Semi-finished goods | 147.42 | 67.71 |
| Trading goods | 582.85 | 372.79 |
| Total [A] | 3,604.22 | 4,200.07 |
| B] Closing Stock of inventories | | |
| Finished goods | 2,090.75 | 2,873.95 |
| Semi-finished goods | 281.60 | 147.42 |
| Trading goods | 1,026.09 | 582.85 |
| Total [B] | 3,398.44 | 3,604.22 |
| Net Total [A] - [B] | 205.78 | 595.85 |

NOTE 34 - EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Salaries and other benefits to the Directors | 1,140.00 | 1,160.36 |
| Salaries, wages & other benefits to others | 4,760.87 | 3,625.53 |
| Contribution to Provident Fund and other funds | 171.14 | 207.26 |
| Employee welfare and other amenities | 207.05 | 169.30 |
| Total | 6,279.06 | 5,162.45 |

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures as defined are given below:

A] Defined Contribution Plans

The Group makes contributions towards provident fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefit.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Employer's contribution to Provident Fund | 29.40 | 22.78 |
| Employer's contribution to Pension Scheme | 65.34 | 50.96 |
| Total | 94.74 | 73.74 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

B] Defined Benefits Plans

The Group has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'Projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

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

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Present value of Defined Benefit Obligation at beginning of the year | 639.21 | 431.45 |
| Add : Service cost | | |
| (a) Current service cost | 55.31 | 45.69 |
| (b) Past service cost | - | 26.03 |
| (c) Loss/(Gain) from settlement | - | - |
| Add: Current interest cost | 49.55 | 41.23 |
| Add: Benefit paid | (25.93) | (79.43) |
| Add: Remeasurements of actuarial (gain) / loss | | |
| (a) From changes in demographic assumptions | - | - |
| (b) From changes in financial assumptions | 17.59 | (24.88) |
| (c) From experience over the past year | 67.50 | 49.91 |
| Effect of acquisition/ (divestiture) | - | - |
| Transfer in/(out) | 12.81 | 149.21 |
| Changes in foreign exchange rates | - | - |
| Present value of Defined Benefit Obligation at the end of the Year | 816.04 | 639.21 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(ii) Reconciliation of opening & closing balances of fair value of plan assets

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Fair value of plan asset at beginning of the year | 656.11 | 426.28 |
| Add: Contributions paid by employer | 158.98 | 106.05 |
| Add: Benefits paid / (received) | (25.93) | (79.43) |
| Add: Interest income on plan assets | 51.76 | 38.09 |
| Re-measurements | | |
| (a) Actuarial (loss)/gain from changes in financial assumptions | - | 3.22 |
| (b) Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | (10.77) | (5.03) |
| (c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling | - | - |
| Effect of acquisition/ (divestiture) | - | - |
| Transfer in/(out) | 13.96 | 166.93 |
| Changes in foreign exchange rates | - | - |
| Fair value of plan asset at the end of the year | 844.11 | 656.11 |
| Actual return on plan assets | 40.99 | 39.49 |
| Expected employer contributions for the coming year | 30.00 | 50.00 |

(iii) Expenses recognised in Statement of Profit and Loss

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|---|---|
| Service cost | | |
| (a) Current service cost | 55.31 | 45.69 |
| (b) Past service cost | - | 26.03 |
| (c) Loss/(Gain) from settlement | - | - |
| Net interest on net defined benefit liability/ (asset) | (2.21) | 3.14 |
| Employer expenses | 53.10 | 74.86 |

(iv) Net liability/(assets) recognised in the Balance Sheet

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Present value of Defined Benefit Obligation at end of the year | 816.04 | 639.21 |
| Less: Fair value of plan asset at the end of the year | 844.11 | 656.11 |
| Liability/ (Asset) recognised in the Balance Sheet | (28.07) | (16.90) |
| Funded status [Surplus/(Deficit)] | 28.07 | 16.90 |
| Of which, Short term liability | | |
| Experience adjustment on plan liabilities: (gain)/loss | 67.50 | 49.91 |
| Experience adjustment on plan assets: gain/(loss) | (10.77) | (5.03) |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(v) Assumptions used to determine the Defined Benefit Obligation

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------------|----------------------------|
| Salary growth rate | 5.00 % P.A. | 5.00 % P.A. |
| Discount rate (p.a.) | 7.30% P.A. | 7.60% P.A. |
| Withdrawal rate | 5.00 % P.A. | 5.00 % P.A. |
| Mortality table rate | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Interest rate on net DBO | 7.60% P.A. | 7.10% P.A. |
| Expected weighted average remaining working life | 8 years | 9 years |

(vi) Movement in Other Comprehensive Income

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Balance at start of year (loss)/ gain | (26.84) | - |
| Re-measurements on DBO | | |
| (a) Actuarial (loss)/gain from changes in demographic assumptions | - | - |
| (b) Actuarial (loss)/gain from changes in financial assumptions | (17.59) | 24.88 |
| (c) Actuarial (loss)/gain from experience over the past period | (67.50) | (49.91) |
| Re-measurements on plan assets | | |
| (a) Actuarial (loss)/gain from changes in financial assumptions | - | 3.22 |
| (b) Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset) | (10.77) | (5.03) |
| (c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling | - | - |
| Balance at end of year (loss)/ gain | (122.70) | (26.84) |

(vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Increase by 1% | Decrease by 1% | Increase by 1% | Decrease by 1% |
| Salary growth rate | increases by ₹64.16 | decreases by ₹57.56 | increases by ₹52.62 | decreases by ₹47.36 |
| Discount rate | decreases by ₹55.90 | increases by ₹63.33 | decreases by ₹45.86 | increases by ₹51.79 |
| Withdrawal rate | increases by ₹8.21 | decreases by ₹9.16 | increases by ₹7.90 | decreases by ₹8.80 |
| Mortality (increase in expected lifetime by 1 year) | decreases by ₹0.37 | - | decreases by ₹0.35 | - |
| Mortality (increase in expected lifetime by 3 years) | decreases by ₹0.92 | - | decreases by ₹0.87 | - |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(viii) Movement in Surplus/ (Deficit)

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Surplus/ (Deficit) at start of year | 16.90 | (5.17) |
| Add : Net acquisition adjustment | - | - |
| Transfer in / (out) on net basis | 1.15 | 17.72 |
| Movement during the year | | |
| Less : Current service cost | (55.31) | (45.69) |
| Less : Past service cost | - | (26.03) |
| Add : Net interest on net DBO | 2.21 | (3.14) |
| Actuarial gain/(loss) | (95.86) | (26.84) |
| Add : Employer contributions/ benefits paid | 158.98 | 106.05 |
| Surplus/ (Deficit) at end of year | 28.07 | 16.90 |

(ix) Risk Factors

Through its gratuity plans the Group is exposed to a number of risks, the most significant of which are detailed below:-

Interest Risk

A decrease in the bond interest rate will increase the plan liability; however, in case of gratuity plan this will be partially offset by an increase in the return on the plan's assets.

Longevity Risk

The present value of Gratuity plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the Gratuity plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

NOTE 35 - FINANCE COSTS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Gross interest expenses | 327.80 | 209.32 |
| Less: Interest expenses transferred to CWIP (Including interest rate swaps hedge loss) | 264.91 | - |
| Net interest expenses | 62.89 | 209.32 |
| Net loss on foreign exchange fluctuations | - | 4.40 |
| Bank charges and commission | 120.73 | 86.08 |
| Other finance cost | 0.30 | 15.65 |
| Total | 183.92 | 315.45 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 36 - DEPRECIATION & AMORTISATION EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on Property, Plant and Equipment | 1,736.88 | 2,000.33 |
| Amortisation on Intangible Assets | 8.49 | 4.08 |
| Total | 1,745.37 | 2,004.41 |

NOTE 37 - OTHER EXPENSES

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Advertisement & Publicity expenses | 7.31 | 4.63 |
| Auditors remuneration: | | |
| (i) Statutory Audit | 36.50 | 24.00 |
| (ii) Taxation matters | 12.50 | - |
| Allowances for Expected Credit Loss method on trade receivables | - | 5.68 |
| Consumption of stores and spares | 21.22 | 13.46 |
| Corporate Social Responsibility expenses {refer to note no. 37.1} | 263.10 | 216.50 |
| Director sitting Fees | 11.55 | 6.68 |
| Electricity charges | 59.64 | 55.48 |
| Freight and forwarding charges | 2,138.61 | 1,764.27 |
| Insurance charges | 117.34 | 88.93 |
| Laboratory expenses | 91.50 | 104.88 |
| Legal and professional fees | 558.26 | 570.50 |
| Other administrative expenses | 189.02 | 119.41 |
| Postage, telephone and telegram | 117.12 | 84.90 |
| Power, Fuel and Water charges | 4,241.25 | 3,201.75 |
| Printing and stationery expenses | 50.35 | 36.20 |
| Product registration fees | 40.78 | 2.54 |
| Provision for doubtful receivables | 9.25 | - |
| Remuneration to Cost Auditor | 3.00 | 2.86 |
| Rent, rates and taxes | 283.72 | 183.41 |
| Repairs and maintenance to: | | |
| (i) Factory Building | 42.63 | 71.64 |
| (ii) Machinery | 726.41 | 690.47 |
| (iii) Others | 326.84 | 187.98 |
| Sales promotion expenses | 90.72 | 103.32 |
| Sales commission | 741.27 | 424.40 |
| Security charges | 197.66 | 113.08 |
| Seminar & trade fair expenses | 125.06 | 277.64 |
| Share of loss from Joint Venture entity | 335.09 | 39.04 |
| Subscription, membership, books & periodicals | 42.18 | 143.51 |
| Travelling and conveyance expenses | 263.36 | 194.45 |
| VAT audit fees | 1.30 | 0.65 |
| Vehical expenses | 69.92 | 63.43 |
| Total | 11,214.46 | 8,795.69 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 37.1 - CORPORATE SOCIAL RESPONSIBILITY EXPENSES

As per Section 135 of the Companies Act, 2013, the Group has constituted a Corporate Social Responsibility (CSR) Committee. The Group has specified the project in education field, promoting preventive healthcare and sanitation. Modalities of utilisation of funds on the specified project and monitoring and reporting mechanism has been defined.

The Parent Company has an amount of ₹446.60 lakhs to be spent on Corporate Social Responsibility (CSR) as on March 31, 2019 which is a sum total of amount to be spent for previous FY and provision made for current FY 2018-19 amounting to ₹263.10 lakhs towards CSR expenses. However the Parent Company has already committed an amount of ₹250.26 lakhs towards identified CSR projects as on date of signing these financial statements. During FY 2018-19, the Parent Company has disbursed the amount of ₹33.00 lakhs towards CSR projects.

In accordance with Rule 4 (2) of CSR Rules, 2014, the said funds will be utilised as per CSR Policy

NOTE 38 - RECONCILIATION OF REPORTED PROFIT TO TOTAL TAX EXPENSE

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Profit before tax | 23,077.75 | 15,118.76 |
| Applicable income tax rate | 34.94% | 34.61% |
| Expected income tax expense | 8,064.29 | 5,232.30 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | | |
| Effect of expenses / provisions not deductible in determining taxable profit | (66.88) | 342.77 |
| Other permanent differences | 91.94 | 74.93 |
| Reported income tax expense | 8,089.35 | 5,650.00 |

NOTE 39 - DEFERRED TAX EXPENSES / (INCOME)

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Tax effect of items constituting deferred tax liabilities | | |
| Property, Plant and Equipments & Intangible Assets | 682.24 | 1.83 |
| Others | 52.35 | 25.87 |
| Sub Total (a) | 734.59 | 27.70 |
| Tax effect of items constituting deferred tax assets | | |
| Property, Plant and Equipments & Intangible Assets | - | 107.72 |
| Others | 97.96 | 1.97 |
| Sub Total (b) | 97.96 | 109.69 |
| Deferred tax expenses / (income) | 636.64 | (81.99) |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 40 - EARNINGS PER EQUITY SHARE

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Computation of profit (numerator) | | |
| Net profit attributable to shareholders (₹ in lakhs) | 13,625.53 | 9,532.74 |
| (b) Computation of weighted average number of shares (denominator) | | |
| Number of shares outstanding at the beginning of the year (as adjusted for sub-division and bonus issue) | 3,06,59,976 | 2,89,79,976 |
| Weighted average number of equity shares issued and outstanding during the year on account of amalgamation (as adjusted for sub-division and bonus issue) | - | 16,80,000 |
| Total number of shares outstanding at the end of the period | 3,06,59,976 | 3,06,59,976 |
| (c) Adjusted weighted average equity shares | 3,06,59,976 | 3,06,59,976 |
| (d) EPS (Basic & Diluted) (in ₹) | 44.44 | 31.09 |

NOTE 41 - CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Contingent liabilities | | |
| Income tax liability that may arise in respect of matters in appeal | 407.15 | 341.48 |
| Indirect taxes liability that may arise in respect of matters in appeal | 27.16 | 11.96 |
| Commitments | | |
| Estimated contracts remaining to be executed on capital account not provided | 3,445.61 | 3,323.06 |
| Bank guarantee | 629.32 | 403.76 |

The Financial Statements of the Group for the year ended March 31, 2019 has been approved by the Board of Directors in its meeting held on May 27, 2019. For the year ended March 31, 2019, dividend of ₹7/- per share (Total dividend of ₹2,587.36 lakhs including Dividend Distribution Tax of ₹441.16 lakhs) has been proposed by the Board of Directors at its meeting held on May 27, 2019. The same is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and therefore proposed dividend (including dividend distribution tax) has not been recognised as liability as at the Balance Sheet date in line with Ind AS - 10 "Events after the Reporting Period."

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings. The Group does not expect any reimbursement in respect of the above contingent liabilities

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 42 - RELATED PARTY TRANSACTIONS DISCLOSURE:

The Disclosure pertaining to the related parties as required by Indian Accounting Standard 24 issued by Ministry of Corporate Affairs (MCA), as applicable, are indicated below:

(a) List of Related Parties and relationships

| Sr. No | Name of the Related party | Nature of relationship |
|--------|---------------------------------------|---|
| | Key Management Personnel (KMP) | |
| 1 | Mukesh Maganlal Shah | Managing Director |
| 2 | Prakash Damodar Kamat | Chairman |
| 3 | Jayen Ramesh Shah | Executive Director & CEO |
| 4 | Tushar Ramesh Shah | Executive Director & CFO |
| 5 | Bimal Mukesh Shah | Executive Director |
| 6 | Parthasarathi Thiruvengadam | Independent Director (w.e.f. November 13, 2017) |
| 7 | Mahesh Pansukhlal Sarda | Independent Director (w.e.f. November 13, 2017) |
| 8 | Kaushik Dwarkadas Shah | Independent Director (w.e.f. January 24, 2018) |
| 9 | Prakash Krishnaji Apte | Independent Director (w.e.f. November 13, 2017) |
| 10 | Pratima Madhukar Umarji | Independent Director (w.e.f. November 13, 2017) |
| 11 | Sundareshan Sthanunathan | Independent Director (up to December 29, 2017) |
| 12 | Pooja Gaonkar | Company Secretary & Compliance Officer |
| 13 | Jyotsna Ramesh Shah | Relative of KMP |
| 14 | Jayshree Mukesh Shah | |
| 15 | Neeta Jayen Shah | |
| 16 | Bina Tushar Shah | |
| 17 | Esha Tushar Shah | |
| 18 | Rhea Tushar Shah | |
| 19 | Akruti Bimal Shah | |
| 20 | Ramesh M. Shah - HUF | |
| 21 | Prakash D. Kamat - HUF | |
| 22 | Mukesh M. Shah - HUF | |
| 23 | Jayen R. Shah - HUF | |
| 24 | Tushar R. Shah - HUF | |
| 25 | Manali Jinesh Bhayani | |
| 26 | Shaili Nirav Doshi | |
| 27 | Smoothex Chemicals Private Limited | Significant influence by KMP |
| 28 | Olefine Organics | |
| 29 | Oleofine Organics SDN. BHD. | |
| 30 | Oleofine Organics (Thailand) Co. Ltd | |
| 31 | Fine Organic Industries | |
| 32 | Shri. R. M. Shah Foundation | |
| 33 | Fine Zeelandia Private Limited | Jointly Controlled Entities |
| 34 | FineAdd Ingredients GmbH | |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 42 - RELATED PARTY TRANSACTIONS DISCLOSURES:

b) Transactions (in aggregate) with Related Parties during the period and their closing balances at the period end

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|----------|--------------------------------------|------------------------------|----------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 1 | Director's Remuneration | | | | |
| | Prakash Damodar Kamat | 228.00 | 237.22 | - | - |
| | Mukesh Maganlal Shah | 228.00 | 255.64 | - | - |
| | Jayen Ramesh Shah | 228.00 | 237.22 | - | - |
| | Tushar Ramesh Shah | 228.00 | 237.22 | - | - |
| | Bimal Mukesh Shah | 228.00 | 193.06 | - | - |
| 2 | Director's sitting fees | | | | |
| | Parthasarathi Thiruvengadam | 2.28 | 1.13 | - | - |
| | Mahesh Pansukhlal Sarda | 2.28 | 1.55 | - | - |
| | Kaushik Dwarkadas Shah | 2.23 | 0.35 | - | - |
| | Prakash Krishnaji Apte | 2.73 | 1.20 | - | - |
| | Pratima Madhukar Umarji | 2.05 | 1.75 | - | - |
| | Sundareshan Sthanunathan | - | 0.70 | - | - |
| 3 | Sale of goods | | | | |
| | Oleofine Organics SDN BHD | 405.73 | 524.76 | 114.27 | 49.07 |
| | Oleofine Organics (Thailand) Co.Ltd. | 489.66 | 309.88 | 74.09 | 21.03 |
| | Fine Organic Industries | - | 325.80 | - | - |
| | Fine Zeelandia Private Limited | 717.12 | 0.14 | 345.00 | - |
| 4 | Sale of Licence | | | | |
| | Fine Organic Industries | - | 87.24 | - | - |
| | Fine Zeelandia Private Limited | 146.22 | 80.92 | 33.32 | 2.85 |
| 5 | Sale of components / assets | | | | |
| | Fine Zeelandia Private Limited | 15.34 | - | - | - |
| | Oleofine Organics SDN BHD | 54.15 | 13.99 | 3.44 | - |
| 6 | Purchase of goods / samples | | | | |
| | Fine Organic Industries | - | 1,364.12 | - | - |
| | Oleofine Organics SDN BHD | 66.03 | 25.05 | - | 20.94 |
| 7 | Processing charges paid | | | | |
| | Fine Organic Industries | - | 0.01 | - | - |
| | Oleofine Organics | 201.00 | 441.76 | - | - |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|-----------|---|------------------------------|---------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 8 | Purchase of Licence / Trade Mark | | | | |
| | Fine Organic Industries | 2.49 | 45.84 | - | - |
| 9 | Purchase of components / assets | | | | |
| | Fine Organic Industries | - | 225.78 | - | - |
| | Olefine Organics | 130.33 | - | - | - |
| 10 | Interest on unsecured loan | | | | |
| | Prakash Damodar Kamat | - | 24.99 | - | - |
| | Mukesh Maganlal Shah | - | 2.62 | - | - |
| | Jayen Ramesh Shah | - | 13.93 | - | - |
| | Tushar Ramesh Shah | - | 17.11 | - | - |
| | Bimal Mukesh Shah | - | 0.55 | - | - |
| 11 | Dividend paid/proposed | | | | |
| | Mukesh Maganlal Shah | 123.48 | 194.13 | - | - |
| | Rhea Tushar Shah | 7.46 | 8.00 | - | - |
| | Neeta Jayen Shah | 46.19 | 49.49 | - | - |
| | Jyotsna Ramesh Shah | 302.81 | 440.31 | - | - |
| | Bina Tushar Shah | 40.21 | 43.08 | - | - |
| | Shaili Nirav Doshi | 8.60 | 9.22 | - | - |
| | Mukesh M. Shah HUF | 9.84 | 10.54 | - | - |
| | Jayshree Mukesh Shah | 39.80 | 42.64 | - | - |
| | Bimal Mukesh Shah | 148.18 | 211.68 | - | - |
| | Prakash D. Kamath HUF | 9.60 | 10.29 | - | - |
| | Manali Jinesh Bhayani | 5.36 | 5.75 | - | - |
| | Jayen R. Shah HUF | 21.49 | 23.02 | - | - |
| | Tushar Ramesh Shah | 258.94 | 392.19 | - | - |
| | Prakash Damodar Kamat | 311.70 | 445.15 | - | - |
| | Esha Tushar Shah | 7.46 | 8.00 | - | - |
| | Tushar R. Shah HUF | 7.23 | 7.74 | - | - |
| | Ramesh M. Shah HUF | 21.63 | 23.18 | - | - |
| | Jayen Ramesh Shah | 239.65 | 371.52 | - | - |
| 12 | Salary to relatives | | | | |
| | Akruti Bimal Shah | - | 3.25 | - | - |
| | Manali Jinesh Bhayani | 28.50 | 5.19 | - | - |
| 13 | Export commission | | | | |
| | Oleofine Organics SDN BHD | 3.44 | 2.33 | 1.70 | 1.55 |
| 14 | Business support services | | | | |
| | Fine Organic Industries | - | 5.31 | - | - |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(₹ in lakhs)

| Sr. No. | Particulars | Transactions during the year | | Closing balance | |
|-----------|---|------------------------------|---------|----------------------|----------------------|
| | | 2018-19 | 2017-18 | As at March 31, 2019 | As at March 31, 2018 |
| 15 | Leave & Licence Security deposit | | | | |
| | Fine Organic Industries | - | 13.87 | 15.90 | 13.87 |
| | Olefine Organics | 2.40 | - | 2.40 | - |
| 16 | Rent expenses | | | | |
| | Fine Organic Industries | 86.51 | 30.43 | - | - |
| | Olefine Organics | 12.65 | - | - | - |
| 17 | Prepaid rent on Security deposit | | | | |
| | Fine Organic Industries | - | - | 2.10 | 4.13 |
| | Olefine Organics | - | - | 0.60 | - |
| 18 | Rent (office usage charges) | | | | |
| | Jayshree Mukesh Shah | 8.40 | 8.40 | - | - |
| | Jyotsna Ramesh Shah | 8.40 | 8.40 | - | - |
| | Prakash Damodar Kamat | 8.40 | - | - | - |
| | Bina Tushar Shah | 8.40 | 8.40 | - | - |
| 19 | Reimbursement of expenses | | | | |
| | Prakash Damodar Kamat # | 489.41 | 55.45 | 15.15 | 4.55 |
| | Mukesh Maganlal Shah # | 492.04 | 55.45 | 12.64 | 4.55 |
| | Jayen Ramesh Shah # | 491.64 | 55.45 | 12.94 | 4.55 |
| | Tushar Ramesh Shah # | 491.83 | 55.45 | 13.40 | 4.55 |
| | Jyotsna Ramesh Shah # | 487.53 | 55.45 | 17.02 | 4.55 |
| | Bimal Mukesh Shah | 0.02 | - | - | - |
| | Parthasarathi Thiruvengadam | 0.07 | - | - | - |
| | Manali Jinesh Bhayani | 0.47 | - | (0.04) | - |
| | Fine Organic Industries | - | 10.17 | - | - |
| | Olefine Organics | 3.78 | - | - | - |
| | Fine Zeelandia Private Limited | 2.37 | 0.20 | - | - |
| | Oleofine Organics SDN BHD | 0.34 | - | - | - |
| | Oleofine Organics (Thailand) Co.Ltd. | 0.38 | - | - | - |
| 20 | Investment in equity instruments | | | | |
| | FineADD Ingredients GmbH | 81.29 | - | 81.29 | - |
| | Fine Zeelandia Private Limited | 190.00 | - | 1,318.43 | 1,128.43 |
| 21 | Interest income on advances / Security deposit | | | | |
| | Olefine Organics | 0.26 | - | 0.26 | - |
| | Fine Organic Industries | 1.55 | 1.06 | 1.55 | 1.06 |

Towards reimbursement of IPO expenses

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(c) Disclosure of Compensation paid to Key Managerial Person

(₹ in lakhs)

| Particulars | | Pooja Gaonkar |
|-------------|--|---------------|
| A | For Accounting year 2018-19 | |
| | - Short term employees benefits (including salary) | 13.27 |
| | - Post employees benefits | 5.43 |
| B | For Accounting year 2017-18 | |
| | - Short term employees benefits (including salary) | 8.27 |
| | - Post employees benefits | 4.28 |

Note: Related parties relationship is as identified by the Group on the basis of information available with the management and accepted by the Auditor.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). 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.

NOTE 43 - OPERATING SEGMENT DISCLOSURE

The Group has identified its reportable segment as "Specialty chemicals" since the Chief Operating Decision Maker (CODM) evaluates the Group's performance as a single segment in terms of Indian Accounting Standard 108 issued by Ministry of Corporate Affairs (MCA).

NOTE 43.1 - DISCLOSURE FOR ASSETS OUTSIDE INDIA

The Group does not have any non current non financial assets outside India

NOTE 43.2- DISCLOSURE FOR MAJOR CUSTOMERS MORE THAN 10%

There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

NOTE 43.3- GEOGRAPHIC INFORMATION

The geographic information analyses the Company's revenue and non-current assets by the Group's Country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the specialty chemicals portfolio of the Group are managed on a worldwide basis from India.

The Group has disaggregated its revenue from contract with customers and trade receivables on a geographical basis as under:

(₹ in lakhs)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|----------------------|--------------------------------------|--------------------------------------|
| - India | 46,479.12 | 36,532.04 |
| - Outside India | 59,553.95 | 49,932.33 |
| Total Revenue | 1,06,033.07 | 86,464.36 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------|-------------------------|-------------------------|
| Trade receivables | | |
| - In India | 4,609.95 | 3,119.72 |
| - Outside India | 11,069.50 | 11,733.88 |
| Less: ECL provision | (117.57) | (205.00) |
| Total | 15,561.88 | 14,648.60 |

NOTE 44 - INTERNAL FINANCIAL CONTROL SYSTEM

The Management has laid down the Internal Control Framework in which each department of the Group is being headed by professional HODs. These HODs are responsible for the day-to-day operations of the Group. The Group has substantially completed the documentation on internal control framework mechanism. No significant deficiencies or material weakness have been observed in the operation and Financial Control and processes of the Group.

NOTE 45 - DISCLOSURE PURSUANT TO SECTION 186 (4) OF THE COMPANIES ACT, 2013

(a) Investment made (at Amortised cost)

(₹ in lakhs)

| Name of entity | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Fine Zeelandia Private Limited | 1,318.43 | 1,128.43 |
| FineADD Ingredients GmbH | 81.29 | - |

NOTE 46 - OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

The Group's significant leasing arrangements are in respect of operating leases for building premises (offices, plant, godowns etc.). These leasing arrangements are non-cancellable in nature, and are usually renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Lease payment recognised in the statement of profit and loss | 3.56 | 25.07 |
| Minimum lease payments under non cancellable operating leases payable | | |
| Not later than 1 year | 38.61 | 25.07 |
| Later than 1 year but not less than 5 years | 154.44 | 100.28 |
| Later than 5 years | 3,054.85 | 2,037.29 |
| Total future minimum lease payment | 3,247.89 | 2,162.64 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 47 - PURSUANT TO IND AS 31, FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURE, THE DISCLOSURE RELATING TO THE JOINT VENTURE ARE AS FOLLOWS :

Interest in other Entities

The Parent Company has invested in following Joint ventures and are consolidated as per equity method of accounting. This entity are in nature of closely held entity and are not listed on equity public exchange. The following table illustrates the summarised financial information of the group's investment in joint venture.

| Nam of the Joint Venture | Percentage of Ownership | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Fine Zeelandia Private Limited (Incorporated in India) | 50% | 50% |
| FineADD Ingredients GmbH (Incorporated in Germany) | 50% | - |

NOTE 47.1 - SUMMARISED FINANCIAL POSITION OF THE GROUP'S INVESTMENT IN JOINT VENTURE - FINE ZEELANDIA PRIVATE LIMITED

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| Non current assets (A) | 2,901.62 | 2,122.66 |
| Current assets (B) | 514.86 | 146.08 |
| Total assets (A+B) | 3,416.48 | 2,268.74 |
| Non current liabilities (A) | 1,442.24 | 976.78 |
| Current liabilities (B) | 1,037.83 | 236.01 |
| Total liabilities (A+B) | 2,480.07 | 1,212.79 |
| Total equity (net assets) | 936.41 | 1,055.95 |

NOTE 47.2 - SUMMARISED FINANCIAL POSITION OF THE GROUP'S INVESTMENT IN JOINT VENTURE - FINEADD INGREDIENTS GmbH

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| Non current assets (A) | 16.47 | - |
| Current assets (B) | 28.43 | - |
| Total Assets (A+B) | 44.90 | - |
| Non current liabilities (A) | - | - |
| Current liabilities (B) | 5.62 | - |
| Total liabilities (A+B) | 5.62 | - |
| Total equity (net assets) | 39.28 | - |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 48 - FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments (₹ in lakhs)

| Particulars | Note No | Carrying Value | | Fair Value | |
|--|---------|----------------------|----------------------|----------------------|----------------------|
| | | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| FINANCIAL ASSETS | | | | | |
| A] Financial assets at fair value through profit & loss | | - | - | - | - |
| B] Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | 7 | 4.78 | 5.15 | 4.78 | 5.15 |
| C] Financial assets at amortised cost | | | | | |
| Non current financial assets: Loans | 8 | 100.82 | 96.74 | 100.82 | 96.74 |
| Non current financial assets: Others | 9 | 208.03 | 42.79 | 208.03 | 42.79 |
| Current financial assets : Trade receivables | 13 | 15,561.88 | 14,648.60 | 15,561.88 | 14,648.60 |
| Current financial assets : Cash and cash equivalents | 14 | 10,812.19 | 1,067.02 | 10,812.19 | 1,067.02 |
| Current financial assets : Bank balances | 15 | 108.74 | 170.43 | 108.74 | 170.43 |
| Current financial assets : Others | 16 | 27.55 | 43.76 | 27.55 | 43.76 |
| FINANCIAL LIABILITIES | | | | | |
| A] Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B] Financial liabilities at amortised cost: | | | | | |
| Non current financial liabilities : Borrowings (including current maturity of long term borrowing) | 22 | 10,808.02 | - | 10,808.02 | - |
| Non current financial liabilities : Others | 23 | 390.92 | - | 390.92 | - |
| Current financial liabilities : Borrowings | 24 | 2,019.15 | 5,360.92 | 2,019.15 | 5,360.92 |
| Current financial liabilities : Trade payable | 25 | 5,338.49 | 6,994.40 | 5,338.49 | 6,994.40 |
| Current financial liabilities : Others | 26 | 124.57 | 109.94 | 124.57 | 109.94 |

In all cases, the management of the Group has assessed that the fair value of all financial assets and liabilities at Amortised cost approximate their carrying amounts as stated above.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 49 - FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

NTE 49.1 - QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT MARCH 31, 2019:

(₹ in lakhs)

| Particulars | Fair value measurement Using | | | | |
|--|------------------------------|-----------|----------|----------|-----------|
| | Date of Valuation | Total | Level 1* | Level 2* | Level 3* |
| FINANCIAL ASSETS | | | | | |
| A) Financial assets at fair value through profit & loss | - | - | - | - | - |
| B) Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | March 31, 2018 | 4.78 | - | 4.78 | - |
| | {refer Note No. 49.3} | | | | |
| C) Financial assets at amortised cost | | | | | |
| Non current financial assets : Loans | March 31,2019 | 100.82 | - | - | 100.82 |
| Non current financial assets : Others | March 31,2019 | 208.03 | - | - | 208.03 |
| Current financial assets : Trade receivables | March 31,2019 | 15,561.88 | - | - | 15,561.88 |
| Current financial assets : Cash and cash equivalents | March 31,2019 | 10,812.19 | - | - | 10,812.19 |
| Current financial assets : Bank balances | March 31,2019 | 108.74 | - | - | 108.74 |
| Current financial assets : Others | March 31,2019 | 27.55 | - | - | 27.55 |
| FINANCIAL LIABILITIES | | | | | |
| A) Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B) Financial liabilities at amortised cost: | | | | | |
| Non current financial assets : Borrowings (Including current maturity of long term borrowing) | March 31,2019 | 10,808.02 | - | - | 10,808.02 |
| Non current financial assets : Others | March 31,2019 | 390.92 | - | - | 390.92 |
| Current financial liabilities : Borrowings | March 31,2019 | 2,019.15 | - | - | 2,019.15 |
| Current financial liabilities : Trade payable | March 31,2019 | 5,338.49 | - | - | 5,338.49 |
| Current financial liabilities : Others | March 31,2019 | 124.57 | - | - | 124.57 |

* (Refer note no. 2.5 for Fair value measurement method).

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NTE 49.2 - QUANTITATIVE DISCLOSURES FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT MARCH 31, 2018:

(₹ in lakhs)

| Particulars | Fair value measurement using | | | | |
|---|------------------------------|-----------|----------|----------|-----------|
| | Date of Valuation | Total | Level 1* | Level 2* | Level 3* |
| FINANCIAL ASSETS | | | | | |
| A) Financial assets at fair value through profit & loss | - | - | - | - | - |
| B) Financial assets at fair value through OCI | | | | | |
| Non current financial assets: Investments | March 31, 2017 | 5.15 | - | 5.15 | - |
| | {refer Note No. 49.3} | | | | |
| C) Financial assets at amortised cost | | | | | |
| Non current financial assets : Loans | March 31, 2018 | 96.74 | - | - | 96.74 |
| Non current financial assets : Others | March 31, 2018 | 42.79 | - | - | 42.79 |
| Current financial assets : Trade receivables | March 31, 2018 | 14,648.60 | - | - | 14,648.60 |
| Current financial assets : Cash and cash equivalents | March 31, 2018 | 1,067.02 | - | - | 1,067.02 |
| Current financial assets : Bank balances | March 31, 2018 | 170.43 | - | - | 170.43 |
| Current financial assets : Others | March 31, 2018 | 43.76 | - | - | 43.76 |
| FINANCIAL LIABILITIES | | | | | |
| A) Financial liabilities at fair value through profit & loss | | - | - | - | - |
| B) Financial liabilities at amortised cost: | | | | | |
| Current financial liabilities : Borrowings | March 31, 2018 | 5,360.92 | - | - | 5,360.92 |
| Current financial liabilities : Trade payable | March 31, 2018 | 6,994.40 | - | - | 6,994.40 |
| Current financial liabilities : Others | March 31, 2018 | 109.94 | - | - | 109.94 |

* (Refer note no. 2.5 for Fair value measurement method).

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NTE 49.3 - MEASUREMENT OF FAIR VALUE : VALUATION TECHNIQUES

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values for assets and liabilities carried at fair value through profit or loss

| Type | Valuation Technique |
|--|--|
| FINANCIAL ASSETS | |
| A] Financial assets at fair value through profit & loss | Not Applicable |
| B] Financial assets at fair value through OCI | Level - 2: The fair value is determined as on the reporting date based on value per share derived from net worth of the Company as per the latest available annual report, since there is no other publically available market based information for similar entities. |
| Non current financial assets: Investments | |
| C] Financial assets at amortised cost | Level - 3: The fair value is determined as on the reporting date based on amortised cost method by considering the discount rates based on yields of comparable investments or the transaction values where these are short term in nature. |
| Non current financial assets : Loans | |
| Non current financial assets : Others | |
| Current financial assets : Trade receivables | |
| Current financial assets : Cash and cash equivalents | |
| Current financial assets : Bank balances | |
| Current financial assets : Others | |
| FINANCIAL LIABILITIES | |
| A] Financial liabilities at fair value through profit & loss | Not Applicable |
| B] Financial liabilities at amortised cost: | Level - 3: The fair value is determined as on the reporting date based amortised cost method. |
| Non Current financial liabilities : Borrowings (including current maturity of long term borrowing) | |
| Current financial liabilities : Borrowings | |
| Current financial liabilities : Trade Payable | |
| Current financial liabilities : Others | |

NOTE 50 - CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued equity share capital, all other reserves and borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

The following table summarises the capital of the Group :

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Long term borrowing (including current maturities of long term borrowings) | 10,808.02 | - |
| Short term borrowing | 2,019.15 | 5,360.92 |
| Less: Cash and cash equivalents | 10,812.19 | 1,067.02 |
| Total borrowing (net) | 2,014.97 | 4,293.91 |
| Equity share capital | 1,533.00 | 1,533.00 |
| Other equity | 48,490.69 | 38,025.35 |
| Total equity | 50,023.69 | 39,558.35 |
| Gearing ratio (Net Debt/ Total Equity) | 0.04 | 0.11 |

No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

NOTE 51 - FINANCIAL RISK MANAGEMENT FRAMEWORK

A) Financial Risk Management

The Group's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below :

1) Market Risk

Market Risks arise due to changes in interest rates, foreign exchange rates and changes in market prices.

(i) Interest Rate Risks

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 rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's long-term debt obligations with floating interest rates .

The Group's policy is generally to undertake long-term borrowings using facilities that carry floating-interest rate. The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Moreover, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure.

As the Group does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates.

As at the end of reporting period, the Group had following long term variable interest rate borrowings and derivatives to hedge the interest rate risk are as follows:

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Notional Value of Liability | 10,808.02 | - |
| Less : Interest Rate Swap on above liability | 10,808.02 | - |
| Net exposure | - | - |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

Disclosure of effects of interest rate swaps hedge accounting on Financial position as at March 31, 2019

(₹ in lakhs)

| Particulars | Nominal value of liability | Carrying amount of hedging instrument | Maturity | Hedge ratio |
|-----------------------|----------------------------|---------------------------------------|---------------|-------------|
| Interest rate risk | | | | |
| - Interest rate swaps | 10,808.02 | 390.92 | December 2023 | 1:1 |

Disclosure for gain / (loss) recognised in cashflow hedging reserve and recycled during the year 2018-19

(₹ in lakhs)

| Particulars | Opening Balance | Net amount recognised | Recycled | | | Closing Balance |
|-----------------------------|-----------------|-----------------------|---------------------|--|-----------------------|-----------------|
| | | | Net amount to P & L | Net amount added to non financial assets | Total amount recycled | |
| Forex - Interest Rate Swaps | - | 390.92 | - | - | - | 390.92 |

Interest rate sensitivity

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Parent Company enters into forward exchange contracts to hedge its foreign currency exposures in USD and Euro.

a) Exposure in foreign currency - Hedged

The Group enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Group does not enter into any Derivative Instruments for trading and Speculation purposes.

The Forward exchange contracts used for hedging foreign exchange currency exposure and outstanding as at reporting date as at under :

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | |
|------------------------------|----------------------|------------|-------------------------|
| | No. of Contracts | Buy Amount | Indian Rupee Equivalent |
| Forward contract to buy USD | 11 | \$ 27.00 | 1,867.63 |
| Forward contract to sell USD | 6 | \$ 10.50 | 726.30 |

(Amount in lakhs)

| Particulars | As at March 31, 2018 | | |
|-------------------------------|----------------------|------------|-------------------------|
| | No. of Contracts | Buy Amount | Indian Rupee Equivalent |
| Forward contract to sell USD | 6 | \$ 12.00 | 788.40 |
| Forward contract to sell Euro | 12 | € 7.50 | 581.07 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

b) The unhedged exposures as at the end of the reporting date as follows:

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|------------------------------|----------------------|------------------|----------------------|------------------|
| | Indian Rupees | Foreign Currency | Indian Rupees | Foreign Currency |
| Financial Assets | | | | |
| Trade receivables - USD | 9,252.75 | \$133.77 | 8,434.84 | \$130.39 |
| Trade receivables - Euro | 1,908.65 | € 24.56 | 3,280.61 | € 41.01 |
| Financial Liabilities | | | | |
| Trade payables - USD | 18.82 | \$0.27 | 377.44 | \$5.78 |
| Trade payables - Euro | 91.49 | € 1.18 | 527.34 | € 6.50 |
| Long term borrowings - USD | 12,333.85 | \$156.25 | - | - |
| Net Exposure - USD | (3,099.92) | (\$22.76) | 8,057.40 | \$124.61 |
| Net Exposure - Euro | 1,817.16 | € 23.39 | 2,753.28 | € 34.51 |

In case of change in the currencies by 1%, the change in the profit would be as under :

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | |
|------------------------|----------------------|-----------|-----------|----------------------|-----------|-----------|
| | Change | USD | EURO | Change | USD | EURO |
| 1% Depreciation in INR | 1% | (\$31.00) | € 18.17 | 1% | \$80.57 | € 27.53 |
| 1% Appreciation in INR | 1% | \$31.00 | (€ 18.17) | 1% | (\$80.57) | (€ 27.53) |

(iii) Market Price Risks

The Group is affected by the price stability of certain commodities. Purchases of Raw materials from our top 2 suppliers constitute approximately 45% of our total purchases made from all suppliers. We do not enter into supplier contracts of duration of more than 6 months. If suppliers do not supply us, there can be no assurance that we will be able to identify alternative suppliers in future at similar cost. Any disruption in the supply of the raw materials could disrupt our manufacturing operations, which could have a material adverse effect on our business, results of operations and financial condition.

The Group's total imports of raw materials is approximately 30.04% (PY.: 27.97%) of the total raw material consumed. The cost of our imported raw material affected by the fluctuation in the rate of foreign exchange of the currency in which we purchase these raw materials (primarily in USD) and the Rupee. The Group has a risk management framework aimed at prudently managing the price risk arising from the volatility in commodity prices and freight costs and tries to pass on increases in the costs to its customers to whatever extent possible.

2) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments vis., Investments in Equity shares and balances with Banks.

The Group holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits (generally between 30 to 90 days) and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended March 31, 2019 is 0.73% (PY. 0.29%) of the total trade receivables. The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

3) Liquidity Risk

The Group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Group has obtained fund and non-fund based borrowings from banks. The Group invests its surplus funds in bank fixed deposit which carry low credit risks.

All payments are made on due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Group has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Uncommitted borrowings - Financial arrangements

(₹ in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| Expiring within one year | | |
| Borrowings in foreign currency | 2,161.60 | - |
| Expiring beyond one year | | |
| Borrowings in foreign currency | - | - |

Maturity to Financial liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(₹ in lakhs)

| Particulars | Outstanding Balance as on March 31, 2019 | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|--|--|------------------------|--------------|--------------|-------------------------|
| Long term borrowings (including current maturity of long term borrowings) | 10,808.02 | 1,525.84 | 6,103.35 | 3,178.83 | - |
| Short term borrowings | 2,019.15 | 2,019.15 | - | - | - |
| Trade payable | 5,338.48 | 5,338.48 | - | - | - |
| Security deposits taken | 124.32 | 124.32 | - | - | - |
| Statutory dues payable | 124.22 | 124.22 | - | - | - |
| Other liabilities | 80.40 | 80.40 | - | - | - |
| Advance from customer | 152.71 | 152.71 | - | - | - |
| Provision - Others | 446.60 | 446.60 | - | - | - |
| Income tax (net) | 726.53 | 726.53 | - | - | - |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 52 - ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR COMPANY PREPARING CONSOLIDATED FINANCIAL STATEMENTS:

For March 31, 2019

(₹ in lakhs)

| Sr. No | Name of the entity | Net Assets i.e Total Assets (minus) Total Liabilities | | Share in Profit or Loss | | Share in other comprehensive Income | | Share in Total Comprehensive Income | |
|--------|--|---|-----------|-------------------------------------|-----------|---|----------|---|-----------|
| | | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated comprehensive Income | Amount | As % of consolidated comprehensive Income | Amount |
| A | Parent | | | | | | | | |
| | 1 Fine Organic Industries Limited | 101.64 | 50,844.73 | 94.69 | 12,901.37 | 100.00 | (318.88) | 94.56 | 12,582.49 |
| B | Subsidiaries- Foreign | | | | | | | | |
| | 1 Fine Organics (USA) Inc | (0.22) | (107.72) | 2.87 | 391.53 | - | - | 2.94 | 391.53 |
| | 2 Fine Organics Europe BVBA | 0.47 | 235.04 | 6.21 | 845.52 | - | - | 6.35 | 845.52 |
| | Minority Interest on all Subsidiaries | 0.01 | 3.20 | 0.03 | 4.55 | - | - | 0.03 | 4.55 |
| C | Joint Ventures (Investment as per equity method) | | | | | | | | |
| | Fine Zeelandia Private Limited | (0.73) | (367.54) | (2.17) | (295.06) | - | - | (2.22) | (295.06) |
| | FineADD Ingredients GmbH | (0.08) | (40.02) | (0.29) | (40.02) | - | - | (0.30) | (40.02) |
| D | Inter company adjustment | | | | | | | | |
| | 1 Fine Organics (USA) Inc | (0.67) | (334.52) | (1.23) | (167.97) | - | - | (1.26) | (167.97) |
| | 2 Fine Organics Europe BVBA | (0.42) | (209.48) | (0.11) | (14.38) | - | - | (0.11) | (14.38) |
| | Total | 100.00 | 50,023.69 | 100.00 | 13,625.53 | 100.00 | (318.88) | 100.00 | 13,306.65 |

Notes Forming Integral Part of the Consolidated Financial Statements (Contd.)

NOTE 52 - ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR COMPANY PREPARING CONSOLIDATED FINANCIAL STATEMENTS: (CONTD.)

For March 31, 2018

| Sr. No | Name of the entity | Net Assets i.e Total Assets (minus) Total Liabilities | | Share in Profit or Loss | | Share in other comprehensive Income | | Share in Total Comprehensive Income | |
|----------|---|---|------------------|-------------------------------------|-----------------|---|----------------|---|-----------------|
| | | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated comprehensive Income | Amount | As % of consolidated comprehensive Income | Amount |
| A | Parent | | | | | | | | |
| 1 | Fine Organic Industries Limited | 103.25 | 40,845.34 | 106.30 | 10,133.50 | 100.00 | (15.59) | 106.31 | 10,117.91 |
| B | Subsidiaries- Foreign | | | | | | | | |
| 1 | Fine Organics (USA) Inc | (1.36) | (538.72) | (1.51) | (143.65) | 0.00 | - | (1.51) | (143.65) |
| 2 | Fine Organics Europe BVBA | (1.14) | (450.82) | (2.86) | (272.38) | 0.00 | - | (2.86) | (272.38) |
| | Minority Interest on all Subsidiaries | - | - | - | - | - | - | - | - |
| C | Joint Ventures (Investment as per equity method) | | | | | | | | |
| | Fine Zeelandia Private Limited | (0.18) | (72.47) | (0.41) | (39.04) | 0.00 | - | (0.41) | (39.04) |
| D | Inter company adjustment | | | | | | | | |
| 1 | Fine Organics (USA) Inc | (0.14) | (56.86) | 0.08 | 7.60 | 0.00 | - | 0.08 | 7.60 |
| 2 | Fine Organics Europe BVBA | (0.42) | (168.12) | (1.61) | (153.30) | 0.00 | - | (1.61) | (153.30) |
| | Total | 100.00 | 39,558.35 | 100.00 | 9,532.74 | 100.00 | (15.59) | 100.00 | 9,517.15 |



FINE ORGANIC INDUSTRIES LIMITED

CIN:U24119MH2002PLC136003

Regd. Office: Fine House, Anandji Street, Off M.G.Road, Ghatkopar East, Mumbai - 400 077

E-mail: investors@fineorganics.com **Website:** www.fineorganics.com

Tel: +91-22-21025000, **Fax:** +91-22-21026666

17th ANNUAL GENERAL MEETING (AGM) – JULY 30, 2019

**FORM NO.MGT-11
PROXY FORM**

**(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014)**

| | | |
|-----------------------|---|--|
| Name of the Member(s) | : | |
| Registered address | : | |
| E-mail ID | : | |
| Folio No./Client ID | : | |
| DP ID | : | |
| No. of Shares held | : | |

I/We, being the Member(s) of shares of the above named Company hereby appoint

| | | | |
|----|--------------------|---|--|
| 1. | Name | : | |
| | Address | : | |
| | E-mail ID | : | |
| | Signature | : | |
| | or failing him/her | : | |
| | | | |
| 2. | Name | : | |
| | Address | : | |
| | E-mail ID | : | |
| | Signature | : | |
| | or failing him/her | : | |
| | | | |
| 3. | Name | : | |
| | Address | : | |
| | E-mail ID | : | |
| | Signature | : | |
| | or failing him/her | : | |

as my/our proxy to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Tuesday, July 30, 2019, at 11:00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007 and at any adjournment thereof in respect of the Resolutions as are indicated below:

| Resolutions | | Vote | | |
|--------------------------|---|------|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business | | | | |
| 1. | (a) To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the year ended March 31, 2019 alongwith the Report of Board of Directors and Auditors thereon (b) To receive, consider, approve and adopt the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 alongwith the Report of Auditors thereon | | | |
| 2. | To declare Dividend on equity shares for the Financial Year 2018-2019. | | | |
| 3. | To appoint a Director in place of Mr. Jayen Shah (DIN: 00106919), who retires by rotation and, being eligible, offers himself for re-appointment. | | | |
| Special Business | | | | |
| 4. | To Ratify the Remuneration payable to M/s Y. R. Doshi & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2019-20 | | | |
| 5. | To consider the revision in the remuneration of Mr. Prakash Kamat, Chairman and Whole Time Director of the Company (DIN: 00107015) | | | |
| 6. | To consider the revision in the remuneration of Mr. Mukesh Shah, Managing Director of the Company (DIN: 00106799) | | | |
| 7. | To consider the revision in the remuneration of Mr. Jayen Shah, Whole Time Director and Chief Executive Officer of the Company (DIN: 00106919) | | | |
| 8. | To consider the revision in the remuneration of Mr. Tushar Shah, Whole Time Director and Chief Financial Officer of the Company (DIN: 00107144) | | | |
| 9. | To consider the revision in the remuneration of Mr. Bimal Shah, Whole Time Director of the Company (DIN: 03424880) | | | |
| 10. | To ratify the appointment of Ms. Pratima Madhukar Umarji (DIN: 05294496), Independent Director of the Company for the remaining period of her tenure. | | | |

Signed this _____ day of _____, 2019

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp

Notes:

1. The Proxy Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
3. The Proxy Form is valid only if it is properly stamped and such stamp is cancelled.
4. Blank, incomplete or undated proxy form shall not be considered valid.
5. The proxy-holder shall prove his/her identity at the time of attending the Meeting.

**FINE ORGANIC INDUSTRIES LIMITED**

CIN:U24119MH2002PLC136003

Regd. Office: Fine House, Anandji Street, Off M.G.Road, Ghatkopar East, Mumbai - 400 077**E-mail:** investors@fineorganics.com **Website:** www.fineorganics.com**Tel:** +91-22-21025000, **Fax:** +91-22-21026666**ATTENDANCE SLIP**

Joint shareholder(s) may obtain additional Attendance Slip(s) at the venue of the meeting;

| | | | |
|-------------------|--|-----------------------------|--|
| *DP.ID | | @Folio No. | |
| *Client ID | | No. of share(s) held | |

Name and address of the shareholders:

I hereby record my presence at the Seventeenth Annual General Meeting of the Company on Tuesday, July 30, 2019 at 11:00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007.

Signature of Member/Proxy

* Applicable for Members holding shares in dematerialised form

@ Applicable for Members holding shares in physical form

Notes:

1. Please fill attendance slip and hand it over at the entrance of the meeting venue.
2. Electronic copy of the Annual Report for 2018-19 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the Members whose email address is registered with the Company/Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2018-19 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all Members whose email IDs are not registered with the Company or have requested for a hard copy.



FINE ORGANIC INDUSTRIES LIMITED

(Formerly known as Fine Organic Industries Private Limited)

Fine House, Anandji Street, Off M.G. Road,
Ghatkopar East, Mumbai - 400 077, Maharashtra, India

Tel: +91 (22) 2102 5000 | Fax: +91 (22) 2102 8899

Email: investors@fineorganics.com

Website: www.fineorganics.com

Fine Organic Industries Limited

(Formerly known as Fine Organic Industries Private Limited)

Regd : Fine House, Aanandji Street, Off M.G.Road,
Ghatkopar East, Mumbai - 400 077, Maharashtra, India

CIN : U24119MH2002PLC136003

Tel : +91-22-21025000,

Fax : +91-22-21026666

E-mail : investors@fineorganics.com

Website : www.fineorganics.com



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Seventeenth Annual General Meeting of the Members of Fine Organic Industries Limited will be held on Tuesday, July 30, 2019 at 11:00 a.m. at Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007 to transact the following business :

ORDINARY BUSINESS

- (a) To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the year ended March 31, 2019 alongwith the Report of Board of Directors and Auditors thereon
- (b) To receive, consider, approve and adopt the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 alongwith the Report of Auditors thereon
- To declare Dividend on equity shares for the Financial Year 2018-19.
- To appoint a Director in place of Mr. Jayen Shah (DIN: 00106919), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- To Ratify the Remuneration payable to M/s Y. R. Doshi & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2019-20 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 [and other applicable provisions, if any,] of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force], the remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes payable to M/s Y. R. Doshi & Associates, Cost Accountants, having

Firm Registration Number 000286, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the Company for the Financial Year ended March 31, 2020, be and is hereby ratified.”

- To consider the revision in remuneration of Mr. Prakash Kamat, Chairman and Whole Time Director of the Company (DIN: 00107015) and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification to the special resolution passed by the members at the extra ordinary general meeting held on November 6, 2017 and subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for revision in the remuneration paid to Mr. Prakash Kamat, Chairman and Whole Time Director of the Company (DIN: 00107015), effective from April 1, 2019 till the remaining period of his tenure, as per the details set out in the Statement annexed to the Notice convening 17th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by any statutory/regulatory authorities from time to time.

RESOLVED FURTHER THAT except for the revision in the remuneration, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

6. To consider the revision in remuneration of Mr. Mukesh Shah, Managing Director of the Company (DIN: 00106799) and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification to the special resolution passed by the members at the extraordinary general meeting held on November 6, 2017 and subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for revision in the remuneration paid to Mr. Mukesh Shah, Managing Director of the Company (DIN: 00106799), effective from April 1, 2019 till the remaining period of his tenure, as per the details set out in the Statement annexed to the Notice convening 17th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by any statutory/regulatory authorities from time to time.

RESOLVED FURTHER THAT except for the revision in the remuneration, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

7. To consider the revision in remuneration of Mr. Jayen Shah, Whole Time Director and Chief Executive Officer of the Company (DIN: 00106919) and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification to the special resolution passed by the members at the extraordinary general meeting held on November 6, 2017 and subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for revision in the remuneration paid to Mr. Jayen Shah, Whole Time Director and Chief Executive Officer of the Company (DIN: 00106919), effective from April 1, 2019 till the remaining period of his tenure, as per the details set out in the Statement annexed to the Notice convening 17th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by any statutory/regulatory authorities from time to time.

RESOLVED FURTHER THAT except for the revision in the remuneration, all other terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

8. To consider the revision in remuneration of Mr. Tushar Shah, Whole Time Director and Chief Financial Officer of the Company (DIN: 00107144) and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification to the special resolution passed by the members at the extra ordinary general meeting held on November 6, 2017 and subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for revision in the remuneration paid to Mr. Tushar Shah, Whole Time Director and Chief Financial Officer of the Company (DIN: 00107144), effective from April 1, 2019 till the remaining period of his tenure, as per the details set out in the Statement annexed to the Notice convening 17th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by any statutory/regulatory authorities from time to time.

RESOLVED FURTHER THAT except for the revision in the remuneration, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

9. To consider the revision in remuneration of Mr. Bimal Shah, Whole Time Director of the Company (DIN: 03424880) and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in partial modification to the special resolution passed by the members at the extra ordinary general meeting held on November 6, 2017 and subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded for revision in the remuneration paid to Mr. Bimal Shah, Whole Time Director of the Company (DIN: 03424880), effective from April 1, 2019 till the remaining period of his tenure, as per the details set out in the Statement annexed to the Notice convening 17th Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (which includes any Committee thereof) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by any statutory/regulatory authorities from time to time.

RESOLVED FURTHER THAT except for the revision in the remuneration, all other terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company.”

10. To ratify the appointment of Ms. Pratima Umarji (DIN: 05294496), Independent Director of the Company for the remaining period of her tenure and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

RESOLVED FURTHER THAT pursuant to the provisions of Regulation 17 (1A) of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) (Amendment) Regulations, 2018, other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the members of the Company, be and is hereby granted to Ms. Pratima Umarji (DIN: 05294496) who will attain the age of seventy-five (75) years in due course of time in the FY. 2019-20, to continue to be an Independent Director on the Board of Company for her remaining tenure as Independent Director.

RESOLVED FURTHER THAT the Board of Directors (which includes any committee thereof), Company Secretary of the Company be and is hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Pooja Gaonkar

Company Secretary

Mumbai, May 27, 2019

FINE ORGANIC INDUSTRIES LIMITED

CIN:U24119MH2002PLC136003

Fine House, Aanandji Street,

Off M.G.Road, Ghatkopar East,

Mumbai - 400 077, Maharashtra, India

Tel: +91-22-21025000, Fax: +91-22-21026666

E-mail: investors@fineorganics.com

Website: www.fineorganics.com

Notes:

- A. The Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 to 10 of the Notice, is annexed hereto. The relevant details, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than **FORTY-EIGHT HOURS** before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting. A person can act as proxy on behalf of the members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case, a proxy is appointed by a member holding more than 10% of the total share capital carrying voting rights, such person shall not act as proxy for any other person or member. Proxy holders are requested to carry an Identity Proof at the time of attending the meeting. A Proxy form is forming part of the annual report 2018-19.
- C. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution/ Power of Attorney, authorising their representative to attend and vote at the Meeting.
- D. During the period beginning 24 hours before the time fixed for the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.
- E. The Register of Members and Share Transfer Books of the Company will remain closed from July 27, 2019 to July 30, 2019 (both days inclusive) for the purpose of determining the members who shall be entitled to receive the dividend for the Financial Year 2018-19.

The final dividend for the Financial Year 2018-19, if declared at the Annual General Meeting, will be paid within 30 days from the date of AGM to those members, whose names appear in the Register of Members and Register of Beneficial Owners maintained by NSDL and CDSL as at the close of business hours on Friday, July 26, 2019.

- F. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Fintech Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate aforesaid changes to Karvy.
- G. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. The ISIN of the Company is INE686Y01026. Members can contact the Company or Karvy for assistance in this regard.
- H. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to Karvy in case the shares are held in physical form.
- I. Route Map to the venue of the 17th Annual General Meeting of the Company forms part of this Notice.
- J. Members/Proxies are requested to bring their copies of Annual Report and Attendance Slip duly filled in for attending the Annual General Meeting.

- K. Pursuant to the provisions of Sections 101 and 136 of the Act read with the Companies (Accounts) Rules, 2014, electronic copy of the Annual Report for the financial year 2018-19 is being sent to those Members whose email IDs are registered with their respective Depository Participants (DPs), the Company or Karvy, unless any member has requested any hard copy of the same. Members who have not registered their email addresses so far, are requested to promptly intimate the same to their respective DPs or to the Company / Karvy, as the case may be. Physical copies of the Annual Report for the financial year 2018-19 will be sent through the permitted mode in cases where the email addresses are not available with the Company.
- L. Members are requested to send their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.
- M. Statutory Registers and documents referred to in the Notice and Statement pursuant to section 102(1) of Companies Act, 2013 are open for inspection by the Members at the Registered office of the Company on all days (excluding Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. upto the date of the 17th Annual General Meeting and will also be available for inspection at the meeting.
- N. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority.
- O. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form and with Karvy in case the shares are held by them in physical form.
- P. Voting through electronic means
Pursuant to the provisions of section 108 of the Companies Act, 2013 read with, Rule 20 of Companies (Management and Administration) Rules, 2014 (amended from time to time) and sub-regulation (1) & (2) of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

the Company is pleased to provide Members facility to exercise their right to vote by electronic means (remote e-voting) and the business may be transacted through remote e-voting services provided by Karvy. The instructions and other information relating to remote e-voting are as under:

1. **A.** In case a Shareholder receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./DP ID & Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the "EVENT" i.e., Fine Organic Industries Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on Cut-off date i.e. July 23, 2019. You may also choose the option ABSTAIN. If the Member does

not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.

- (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) Voting has to be done for each resolution of the 17th Annual General Meeting Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - (xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify or change the votes cast. During the voting period, Shareholders can login any number of times till they have voted on the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/POA etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: co.secretaries@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “FINE ORGANIC EVENT NO.” The document should reach the Scrutinizer and such other person on or before July 28, 2019 at 5:00 P.M.
- B.** In case of Members receiving Physical copy of the AGM Notice by Courier [for Members whose email IDs are not registered with the Company/ Depository Participant(s)]:
- i. User ID and initial password as provided above.
 - ii. Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
2. In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. July 23, 2019, may write to the Karvy on the email Id evoting@karvy.com or to Mr. Umesh Pandey. Contact No. 040-67162222, at [Unit: Fine Organic Industries Limited] Karvy Fintech Private Limited (Formerly known as KCPL Advisory Services Private Limited), Karvy Selenium

Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in point no. 1 (A) above, to cast the vote.

- 3. The remote e-voting period commences on July 26, 2019 (9:00 am) and ends on July 29, 2019 (5:00 pm). During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being July 23, 2019, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote at the AGM.
- 4. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website) or any grievances or queries of the Members of the Company connected with the electronic voting can be addressed to the Company's Registrar & Share Transfer Agents, Karvy Fintech Private Limited (Formerly known as KCPL Advisory Services Private Limited) (Unit: Fine Organic Industries Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 to Contact Person: Mr.Umesh Pandey, Contact No. 040-67162222.
- 5. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, being July 23, 2019.
- 6. The Board of Directors has appointed Mr. Kartik Shah, Practicing Company Secretary (Membership No. FCS 5732) or, failing him Ms. Neelam Rangwala (Membership No. ACS 27698), Practicing Company Secretary as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 7. The Members who are entitled to vote but have not exercised their right to vote through remote e-voting may vote at the Annual General Meeting for all businesses specified in the accompanying Notice. The Company shall make necessary arrangement in this regard at the AGM venue.

8. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the Annual General Meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by her in writing who will countersign the same. The Chairperson or a person authorised by her in writing will declare the result of voting forthwith.
9. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
10. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.fineorganics.com) and on Service Provider's website (<https://evoting.karvy.com>) and will be communicated to the BSE Ltd. and the National Stock Exchange of India Limited within 48 hours from the conclusion of the Annual General Meeting.

By Order of the Board of Directors

Pooja Gaonkar

Company Secretary

Mumbai, May 27, 2019

FINE ORGANIC INDUSTRIES LIMITED

CIN:U24119MH2002PLC136003

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Mumbai - 400 077, Maharashtra, India

Tel: +91-22-21025000, Fax: +91-22-21026666

E-mail: investors@fineorganics.com

Website: www.fineorganics.com

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.4

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records for applicable products of the Company and the remuneration to be paid to the Cost Auditor is Subject to ratification by members of the Company.

On the recommendation of the Audit Committee, at its meeting held on May 27, 2019, the Board considered and approved the appointment of M/s Y. R. Doshi & Associates, Cost Accountants, as the Cost Auditor for the financial year 2019-20 at a remuneration of ₹ 3,00,000/- (Rupees Three Lakh only) plus applicable taxes.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 4.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

Item No. 5

Mr. Prakash Kamat (DIN: 00107015) was appointed as Whole Time Director of the Company by the Board at its meeting held on November 3, 2017 for a period of five years i.e. from November 6, 2017 to November 5, 2022 (both days inclusive). The same was subsequently approved by the members at the Extra-ordinary General Meeting of the Company held on November 6, 2017. Mr. Prakash Kamat is also a Chairman of the Board. As per the recommendation of Nomination and remuneration Committee, the Board at its meeting held on May 27, 2019 approved the revision in remuneration of Mr. Prakash Kamat. It is proposed to seek Members' approval for revision in the remuneration paid to Mr. Prakash Kamat effective from April 1, 2019 till the remaining period of his tenure. Broad particulars of the revised remuneration proposed to be paid to Mr. Prakash Kamat during the remainder of his term of appointment are as under:

1. Salary of ₹ 22,00,000/- per month with such annual increment in salary as may be decided by the Board or any Committee thereof, in its absolute discretion from time to time subject to a ceiling of ₹ 30,00,000/- per month.
2. Perquisites, if provided in addition to the Salary as set out above:

- (a) In case the accommodation is owned by the Company, ten percent (10%) of the basic salary of the appointee shall be deducted by the Company. Rent free accommodation, if provided, to the Whole Time Director is subject to the ceiling of ₹ 3,00,000/- per month;
- (b) the actual travelling expenses incurred by the Whole Time Director in or about the business of the Company and he shall be entitled to use 1st or Business class for travel;
- (c) Reimbursement of all medical expenses incurred for self and family as per Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis as per the Company's rules;
- (d) Personal accident insurance coverage as per Company's Rules.
- (e) Leave travel assistance for self and family, once in a year incurred in accordance with the Company's rules;
- (f) Fees of clubs, subject to maximum of two (2) clubs. This will not include admission and life membership fees;
- (g) Reimbursement of actual entertainment expenses incurred in or about the business of the Company within India or abroad;
- (h) The Whole Time Director shall be entitled to use the two Company cars and two drivers, all the actual expenses for maintenance and running of the same including salary of the driver to be borne by the Company. Use of Company car for personal use shall be reimbursed to the Company;
- (i) Telephone, fax and other telecom facilities at residence. Personal long distance calls to be reimbursed to the Company;
- (j) The Whole Time Director shall be entitled to participate in any provident fund and gratuity fund or scheme for the employees established by the Company;
- (k) Leave and leave encashment as per Company rules;
- (l) Expenses incurred by Whole Time Director alongwith spouse in participation at social event and business event organized by business partners, vendors, customers etc of the Company once in a year.

- (m) The Whole Time Director shall be entitled to such increments from time to time as the Board may in the discretion determine;
- (n) The commission shall be decided by the Board of Directors / Nomination and Remuneration Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under sections 197 and 198 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
- (o) For the purpose of calculating the above perquisites, valuation shall be done as per Income Tax Act and Rules made thereunder, wherever applicable and in the absence of any such rule, perquisites shall be valued at actual cost.

The payment of remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time, and shall be within the maximum limits of remuneration for Whole Time Director approved by the Members of the Company.

This Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Whole Time Director of the Company.

Except for the revision in the remuneration as above, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

In the event in any financial year during the tenure of Mr. Prakash Kamat as Whole Time Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to Mr. Prakash Kamat, the above remuneration, excluding commission amount payable on profits earned, as the minimum remuneration by way of salary, allowances and perquisites as specified above and subject to receipt of the requisite approvals, if any required.

Except Mr. Prakash Kamat, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise and do not have any conflict of interest in the Resolution. The Board recommends the Resolutions as set out in the accompanying Notice for the approval of members.

Item No. 6

Mr. Mukesh Shah (DIN: 00106799) was appointed as Managing Director of the Company by the Board at its meeting held on November 3, 2017 for a period of five years i.e. from November 6, 2017 to November 5, 2022 (both days inclusive). The same was subsequently approved by the members at the Extra-ordinary General Meeting of the Company held on November 6, 2017. As per the recommendation of Nomination and remuneration Committee, the Board at its meeting held on May 27, 2019 approved the revision in remuneration of Mr. Mukesh Shah. It is proposed to seek Members' approval for revision in the remuneration paid to Mr. Mukesh Shah, Managing Director, effective from April 1, 2019 till the remaining period of his tenure. Broad particulars of the revised remuneration proposed to be paid to Mr. Mukesh Shah during the remainder of his term of appointment are as under:

1. Salary of ₹ 22,00,000/- per month with such annual increment in salary as may be decided by the Board or any Committee thereof, in its absolute discretion from time to time subject to a ceiling of ₹ 30,00,000/- per month.
2. Perquisites, if provided in addition to the Salary as set out above:
 - (a) In case the accommodation is owned by the Company, ten percent (10%) of the basic salary of the appointee shall be deducted by the Company. Rent free accommodation, if provided, to the Managing Director is subject to the ceiling of ₹ 3,00,000/- per month;
 - (b) the actual travelling expenses incurred by the Managing Director in or about the business of the Company and he shall be entitled to use 1st or Business class for travel;
 - (c) Reimbursement of all medical expenses incurred for self and family as per Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis as per the Company's rules;
 - (d) Personal accident insurance coverage as per Company's Rules.
 - (e) Leave travel assistance for self and family, once in a year incurred in accordance with the Company's rules;

- (f) Fees of clubs, subject to maximum of two (2) clubs. This will not include admission and life membership fees;
- (g) Reimbursement of actual entertainment expenses incurred in or about the business of the Company within India or abroad;
- (h) The Managing Director shall be entitled to use the two Company cars and two drivers, all the actual expenses for maintenance and running of the same including salary of the driver to be borne by the Company. Use of Company car for personal use shall be reimbursed to the Company;
- (i) Telephone, fax and other telecom facilities at residence. Personal long distance calls to be reimbursed to the Company;
- (j) The Managing Director shall be entitled to participate in any provident fund and gratuity fund or scheme for the employees established by the Company;
- (k) Leave and leave encashment as per Company rules;
- (l) Expenses incurred by Managing Director alongwith spouse in participation at social event and business event organized by business partners, vendors, customers etc of the Company once in a year.
- (m) The Managing Director shall be entitled to such increments from time to time as the Board may in the discretion determine;
- (n) The commission shall be decided by the Board of Directors / Nomination and Remuneration Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under sections 197 and 198 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
- (o) For the purpose of calculating the above perquisites, valuation shall be done as per Income Tax Act and Rules made thereunder, wherever applicable and in the absence of any such rule, perquisites shall be valued at actual cost.

The payment of remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time and shall be within the maximum limits of remuneration for Managing Director approved by the Members of the Company.

This Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Managing Director of the Company.

Except for the revision in the remuneration as above, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

In the event in any financial year during the tenure of Mr. Mukesh Shah as Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to Mr. Mukesh Shah, the above remuneration, excluding commission amount payable on profits earned, as the minimum remuneration by way of salary, allowances and perquisites as specified above and subject to receipt of the requisite approvals, if any required.

Mr. Bimal Shah, Whole Time Director of the Company is the son of Mr. Mukesh Shah, accordingly Mr. Bimal Shah may be deemed to be interested in the resolution.

Except Mr. Mukesh Shah, Mr. Bimal Shah and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution. The Board recommends the Resolutions as set out in the accompanying Notice for the approval of members.

Item No. 7

Mr. Jayen Shah (DIN: 00106919) was appointed as Whole Time Director of the Company by the Board at its meeting held on November 3, 2017 for a period of five years i.e. from November 6, 2017 to November 5, 2022 (both days inclusive). The same was subsequently approved by the members at the Extra-ordinary General Meeting of the Company held on November 6, 2017. Mr. Jayen Shah is also the Chief Executive Officer of the Company. As per the recommendation of Nomination and remuneration Committee, the Board at its meeting held on May 27, 2019 approved the revision in remuneration of Mr. Jayen Shah. It is proposed to seek Members' approval for revision in the remuneration paid to Mr. Jayen Shah, Whole Time Director and Chief Executive Officer, effective from April 1, 2019 till the remaining period of his tenure. Broad particulars of the revised remuneration proposed to be paid to Mr. Jayen Shah during the remainder of his term of appointment are as under:

1. Salary of ₹ 22,00,000/- per month with such annual increment in salary as may be decided by the Board or any Committee thereof, in its absolute discretion from time to time subject to a ceiling of ₹ 30,00,000/- per month.
2. Perquisites, if provided, in addition to the Salary as set out above:
 - (a) In case the accommodation is owned by the Company, ten percent (10%) of the basic salary of the appointee shall be deducted by the Company. Rent free accommodation, if provided, to the Whole Time Director is subject to the ceiling of ₹ 3,00,000/- per month;
 - (b) the actual travelling expenses incurred by the Whole Time Director in or about the business of the Company and he shall be entitled to use 1st or Business class for travel;
 - (c) Reimbursement of all medical expenses incurred for self and family as per Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis as per the Company's rules;
 - (d) Personal accident insurance coverage as per Company's Rules.
 - (e) Leave travel assistance for self and family, once in a year incurred in accordance with the Company's rules;
 - (f) Fees of clubs, subject to maximum of two (2) clubs. This will not include admission and life membership fees;
 - (g) Reimbursement of actual entertainment expenses incurred in or about the business of the Company within India or abroad;
 - (h) The Whole Time Director shall be entitled to use the two Company cars and two drivers, all the actual expenses for maintenance and running of the same including salary of the driver to be borne by the Company. Use of Company car for personal use shall be reimbursed to the Company;
 - (i) Telephone, fax and other telecom facilities at residence. Personal long distance calls to be reimbursed to the Company;
 - (j) The Whole Time Director shall be entitled to participate in any provident fund and gratuity fund or scheme for the employees established by the Company;
 - (k) Leave and leave encashment as per Company rules;
 - (l) Expenses incurred by Whole Time Director alongwith spouse in participation at social event and business event organized by business partners, vendors, customers etc of the Company once in a year.
 - (m) The Whole Time Director shall be entitled to such increments from time to time as the Board may in the discretion determine;
 - (n) The commission shall be decided by the Board of Directors / Nomination and Remuneration Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under sections 197 and 198 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
 - (o) For the purpose of calculating the above perquisites, valuation shall be done as per Income Tax Act and Rules made thereunder, wherever applicable and in the absence of any such rule, perquisites shall be valued at actual cost.

The payment of remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time and shall be within the maximum limits of remuneration for Whole Time Director approved by the Members of the Company.

This Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Whole Time Director of the Company.

Except for the revision in the remuneration as above, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

In the event in any financial year during the tenure of Mr. Jayen Shah as Whole Time Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to Mr. Jayen Shah, the above remuneration, excluding commission amount payable on profits earned, as the minimum remuneration by way of salary, allowances and perquisites as specified above and subject to receipt of the requisite approvals, if any required.

Mr. Tushar Shah, Whole Time Director and CFO of the Company is the brother of Mr. Jayen Shah, accordingly, Mr. Tushar Shah may be deemed to be interested in the resolution.

Except Mr. Jayen Shah, Mr. Tushar Shah and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution. The Board recommends the Resolutions as set out in the accompanying Notice for the approval of members.

Item No. 8

Mr. Tushar Shah (DIN: 00107144) was appointed as Whole Time Director of the Company by the Board at its meeting held on November 3, 2017 for a period of five years i.e. from November 6, 2017 to November 5, 2022 (both days inclusive). The same was subsequently approved by the members at the Extra-ordinary General Meeting of the Company held on November 6, 2017. Mr. Tushar Shah is also the Chief Financial Officer of the Company. As per the recommendation of Nomination and remuneration Committee, the Board at its meeting held on May 27, 2019 approved the revision in remuneration of Mr. Tushar Shah. It is proposed to seek Members' approval for revision in the remuneration paid to Mr. Tushar Shah, Whole Time Director and Chief Financial Officer, effective from April 1, 2019 till the remaining period of his tenure. Broad particulars of the revised remuneration proposed to be paid to Mr. Tushar Shah during the remainder of his term of appointment are as under:

1. Salary of ₹ 22,00,000/- per month with such annual increment in salary as may be decided by the Board or any Committee thereof, in its absolute discretion from time to time subject to a ceiling of ₹ 30,00,000/- per month.
2. Perquisites, if provided in addition to the Salary as set out above:
 - (a) In case the accommodation is owned by the Company, ten percent (10%) of the basic salary of the appointee shall be deducted by the Company. Rent free accommodation, if provided, to the Whole Time Director is subject to the ceiling of ₹ 3,00,000/- per month;
 - (b) the actual travelling expenses incurred by the Whole Time Director in or about the business of the Company and he shall be entitled to use 1st or Business class for travel;
 - (c) Reimbursement of all medical expenses incurred for self and family as per Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis as per the Company's rules;
 - (d) Personal accident insurance coverage as per Company's Rules.
 - (e) Leave travel assistance for self and family, once in a year incurred in accordance with the Company's rules;
 - (f) Fees of clubs, subject to maximum of two (2) clubs. This will not include admission and life membership fees;
 - (g) Reimbursement of actual entertainment expenses incurred in or about the business of the Company within India or abroad;
 - (h) The Whole Time Director shall be entitled to use the two Company cars and two drivers, all the actual expenses for maintenance and running of the same including salary of the driver to be borne by the Company. Use of Company car for personal use shall be reimbursed to the Company;
 - (i) Telephone, fax and other telecom facilities at residence. Personal long distance calls to be reimbursed to the Company;
 - (j) The Whole Time Director shall be entitled to participate in any provident fund and gratuity fund or scheme for the employees established by the Company;
 - (k) Leave and leave encashment as per Company rules;
 - (l) Expenses incurred by Whole Time Director alongwith spouse in participation at social event and business event organized by business partners, vendors, customers etc of the Company once in a year.
 - (m) The Whole Time Director shall be entitled to such increments from time to time as the Board may in the discretion determine;
 - (n) The commission shall be decided by the Board of Directors / Nomination and Remuneration Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under sections 197 and 198 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

- (o) For the purpose of calculating the above perquisites, valuation shall be done as per Income Tax Act and Rules made thereunder, wherever applicable and in the absence of any such rule, perquisites shall be valued at actual cost.

The payment of remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time and shall be within the maximum limits of remuneration for Whole Time Director approved by the Members of the Company.

This Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Whole Time Director of the Company.

Except for the revision in the remuneration as above, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

In the event in any financial year during the tenure of Mr. Tushar Shah as Whole Time Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to Mr. Tushar Shah, the above remuneration, excluding commission amount payable on profits earned, as the minimum remuneration by way of salary, allowances and perquisites as specified above and subject to receipt of the requisite approvals, if any required.

Mr. Jayen Shah, Whole Time Director and CEO of the Company, is the brother of Mr. Tushar Shah, accordingly Mr. Jayen Shah may be deemed to be interested in the resolution.

Except Mr. Tushar Shah, Mr. Jayen Shah and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution. The Board recommends the Resolutions as set out in the accompanying Notice for the approval of members.

Item No. 9

Mr. Bimal Shah (DIN: 03424880) was appointed as Whole Time Director of the Company by the Board at its meeting held on November 3, 2017 for a period of five years i.e. from November 6, 2017 to November 5, 2022 (both days inclusive). The same was subsequently approved

by the members at the Extra-ordinary General Meeting of the Company held on November 6, 2017. As per the recommendation of Nomination and remuneration Committee, the Board at its meeting held on May 27, 2019 approved the revision in remuneration of Mr. Bimal Shah. It is proposed to seek Members' approval for revision in the remuneration paid to Mr. Bimal Shah, effective from April 1, 2019 till the remaining period of his tenure. Broad particulars of the revised remuneration proposed to be paid to Mr. Bimal Shah during the remainder of his term of appointment are as under:

1. Salary of ₹ 22,00,000/- per month with such annual increment in salary as may be decided by the Board or any Committee thereof, in its absolute discretion from time to time subject to a ceiling of ₹ 30,00,000/- per month.
2. Perquisites, if provided in addition to the Salary as set out above:
 - (a) In case the accommodation is owned by the Company, ten percent (10%) of the basic salary of the appointee shall be deducted by the Company. Rent free accommodation, if provided, to the Whole Time Director is subject to the ceiling of ₹ 3,00,000/- per month;
 - (b) the actual travelling expenses incurred by the Whole Time Director in or about the business of the Company and he shall be entitled to use 1st or Business class for travel;
 - (c) Reimbursement of all medical expenses incurred for self and family as per Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis as per the Company's rules;
 - (d) Personal accident insurance coverage as per Company's Rules.
 - (e) Leave travel assistance for self and family, once in a year incurred in accordance with the Company's rules;
 - (f) Fees of clubs, subject to maximum of two (2) clubs. This will not include admission and life membership fees;
 - (g) Reimbursement of actual entertainment expenses incurred in or about the business of the Company within India or abroad;

- (h) The Whole Time Director shall be entitled to use the two Company cars and two drivers, all the actual expenses for maintenance and running of the same including salary of the driver to be borne by the Company. Use of Company car for personal use shall be reimbursed to the Company;
- (i) Telephone, fax and other telecom facilities at residence. Personal long distance calls to be reimbursed to the Company;
- (j) The Whole Time Director shall be entitled to participate in any provident fund and gratuity fund or scheme for the employees established by the Company;
- (k) Leave and leave encashment as per Company rules;
- (l) Expenses incurred by Whole Time Director alongwith spouse in participation at social event and business event organized by business partners, vendors, customers etc of the Company once in a year.
- (m) The Whole Time Director shall be entitled to such increments from time to time as the Board may in the discretion determine;
- (n) The commission shall be decided by the Board of Directors / Nomination and Remuneration Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under sections 197 and 198 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
- (o) For the purpose of calculating the above perquisites, valuation shall be done as per Income Tax Act and Rules made thereunder, wherever applicable and in the absence of any such rule, perquisites shall be valued at actual cost.

The payment of remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time and shall be within the maximum limits of remuneration for Whole Time Director approved by the Members of the Company.

This Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Whole Time Director of the Company.

Except for the revision in the remuneration as above, all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this resolution, shall remain unaltered.

In the event in any financial year during the tenure of Mr. Bimal Shah as Whole Time Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to Mr. Bimal Shah, the above remuneration, excluding commission amount payable on profits earned, as the minimum remuneration by way of salary, allowances and perquisites as specified above and subject to receipt of the requisite approvals, if any required.

Mr. Mukesh Shah, Managing Director of the Company is the father of Mr. Bimal Shah, accordingly Mr. Mukesh Shah may be deemed to be interested in the resolution.

Except Mr. Bimal Shah, Mr. Mukesh Shah and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the Resolution. The Board recommends the Resolutions as set out in the accompanying Notice for the approval of members.

Item No. 10

Mrs. Pratima Umarji, aged 74 years, was appointed as Independent Director of the Company for a tenure of five years w.e.f. November 13, 2017. Mrs. Pratima Umarji will attain the age of 75 years in due course of time in this FY. 2019-20.

She holds a bachelor's degree in law from the University of Bombay. Previously she worked with the law and judiciary department of the Government of Maharashtra as the principal secretary and was a member of expert committee constituted by City and Industrial Development Corporation of Maharashtra Limited. She is currently working as a panel member of the 'Lok Adalat' set up by the High Court of Bombay

Considering the qualification, positive attributes, expertise and independence, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director for her remaining tenure as an Independent Director.

As per the Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 the approval of the shareholders is also required by way of special resolution for continuing the Directorship of any non-executive Director who have attained the age of 75 years. Looking into the experience and expertise, your Board of Directors recommend the passing of the proposed Special Resolution.

Except Ms. Pratima Umarji, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

By Order of the Board of Directors

Pooja Gaonkar
Company Secretary

Mumbai, May 27, 2019

FINE ORGANIC INDUSTRIES LIMITED

CIN:U24119MH2002PLC136003

Fine House, Aanandji Street,

Off M.G.Road, Ghatkopar East,

Mumbai - 400 077, Maharashtra, India

Tel: +91-22-21025000, Fax: +91-22-21026666

E-mail: investors@fineorganics.com

Website: www.fineorganics.com

Details of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting

| | |
|--|--|
| Name of Director | Jayen Shah |
| Director Identification Number | 00106919 |
| Date of First Appointment | May 24, 2002 |
| Qualification, Experience in specific functional areas and Brief Resume. | He holds a master's degree in science from the University of Bombay. He joined Fine Organic group in 1986 and was instrumental in creating a vendor-partner network needed to support the Company. He played a key role in developing and managing channel partners for the organizations products in India. He has experience in procurement, vendor development and business development. He has been associated with our Company since inception. |
| Directorships in other Companies | 1. Smoothex Chemicals Private Limited 2. Fine Zeelandia Private Limited 3. FineADD Ingredients GmbH |
| Chairman/ Member of the Committees of the Board of Directors of the Company | Member – Audit Committee Member - Stakeholders Relationship Committee Chairman – CSR Committee |
| Chairman/Member of the Committees of the Board of Directors of the other Companies in which he is a Director | NIL |
| Terms and conditions of Reappointment/ Appointment | N.A. |
| Last Drawn Salary | ₹ 19,00,000/- per month |
| No. of Shares held in the Company | 34,23,627 Equity shares (Face Value of ₹ 5 per share). |
| Inter-se Relationship between Directors | Brother of Mr. Tushar Shah, Nephew of Mr. Mukesh Shah and Cousin of Mr. Bimal Shah |
| No. of Board meetings attended during the Financial Year (2018-19) | Five |

VENUE OF THE ANNUAL GENERAL MEETING

Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007

