CA Ganesh M. Daivajna B.Com F.C.A
CA Naveen G. Daivajna B.Com F.C.A DISA
CA Sonam S. Daivajna B.Com A.C.A

GANESH DAIVAJNA & CO.
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Members of M/s. Marpol Private Limited

Report on the standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M/s. Marpol Private Limited** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of

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appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

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

As required by Section 143(3) of the Act, we report that:

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

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

c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

g) 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 B".

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

1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – **Refer Note 32;**

2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Ganesh Daivajna & Co.

Chartered Accountants

Firm Regn.No. 103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Naveen G. Daivajna
Partner
M.No.126231

Place: Margao, Goa
Date: 26th April 2019

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

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

(b) As informed to us the fixed assets have been physically verified by the management regularly which in our opinion is reasonable having regard to size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified by the management at regular intervals during the year. The discrepancies noticed on physical verification of inventory as compared with the book records were not material and have been dealt with in the books of accounts.

(iii) According to the information and explanations given to us the Company has not granted unsecured loans to the Companies, firms or other parties, maintained under Section 189 of the Companies Act, 2013 and hence reporting under Clause (iv) of Paragraph 3 of the order is not applicable

(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, with respect to the loans and investments made.

(v) The Company has not accepted any deposits in contravention to Section 73 & 74 of Companies Act 2013. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

(vi) The Companies Act, 2013 has prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company and the company has been following the same.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, ESIC fund, income tax, GST and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, ESIC fund, income tax, GST, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable. Except cash credit account having limit 20 crores.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For Ganesh Daivajna & Co
Chartered Accountants
FRN:103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Naveen G. Daivajna
Partner
M.No.126231

Place: Margao, Goa
Date: 26th April 2019

Annexure - B to the Independent Auditor's Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") We have audited the internal financial controls over financial reporting of Marpol Pvt Ltd ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone 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 ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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.

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Opinion

In our opinion, 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 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ganesh Daivajna & Co
Chartered Accountants
FRN:103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO GOA

Naveen G. Daivajna
Partner
M.No.126231

Place: Margao, Goa
Date: 26th April 2019

MARPOL PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2019

In Rupees

	Note	As at 31st March, 2019		As at 31st March, 2018	
ASSETS					
Non-current Assets					
Property, Plant and Equipment	2	4,08,56,876		4,98,22,131	
Capital Work-in-progress		1,62,53,206		-	
Other Intangible Assets	3	7,96,405		9,86,474	
			5,79,06,487		5,08,08,604
Financial Assets:					
Investments	4	-		5,00,000	
			-		5,00,000
Other Non-current Assets	5		1,62,016		20,55,247
Total Non-current Assets			5,80,68,503		5,33,63,851
Current Assets					
Inventories	6		12,69,39,564		8,86,33,753
Financial Assets:					
Trade Receivables	7	15,65,61,249		12,08,11,416	
Cash and Cash Equivalents	8	7,67,541		4,27,27,215	
Bank Balances other than Cash and Cash	9	32,73,054		19,35,340	
Loans	10	10,97,356		18,56,412	
			16,16,99,201		16,73,30,383
Other Current Assets	11		75,18,472		1,01,54,567
Total Current Assets			29,61,57,236		26,61,18,704
Total Assets			35,42,25,739		31,94,82,555
EQUITY AND LIABILITIES			36,22,75,119		
Equity					
Equity Share Capital	12	2,99,52,000		2,99,52,000	
Reserves and Surplus	13	6,26,57,091		4,58,05,164	
Total Equity			9,26,09,091		7,57,57,164
Liabilities					
Non-current Liabilities					
Financial Liabilities:					
Borrowings	14	-		10,23,811	
Deferred Tax Liabilities (Net)	15	2,03,154		16,78,618	
Total Non-current Liabilities			2,03,154		27,02,429
Current Liabilities					
Financial Liabilities:					
Borrowings	16	10,50,05,546		14,85,91,150	
Trade Payables	17	14,52,29,344		8,37,25,690	
Other Financial Liabilities	18	32,94,339		30,94,339	
		25,35,29,230		23,54,11,179	
Other Current Liabilities	19	46,33,466		45,64,695	
Provisions	20	32,50,798		10,47,089	
Total Current Liabilities			26,14,13,494		24,10,22,962
Total Liabilities			26,16,16,648		24,37,25,391
Total Equity and Liabilities			35,42,25,739		31,94,82,555

Significant Accounting Policies 1

The notes referred to above form an integral part of Financial Statements

As per our Report of even date
For Ganesh Daivajna & Co.
Chartered Accountants
Firm Reg No. 103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Naveen G Daivajna
Partner
M. No. 126231

Place : Margao , Goa

Date : 26th April 2019

For and on behalf of the Board

MARPOL PRIVATE LIMITED MARGAO GOA

Rohit Pai Panandiker
Director
DIN - 00559055

G.T. Govindarajan
Director
DIN - 08105268

P.D. Pai
Director
DIN - 08115481

Place : Margao , Goa

Date : 26th April 2019

MARPOL PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2019

In Rupees

	Note	Period ended 31st March, 2019		Year ended 31st March, 2018	
Income					
Revenue from Operations	21		68,90,38,289		59,39,73,909
Other Income	22		4,63,175		27,03,223
Total Income			68,95,01,463		59,66,77,132
Expenses					
Cost of Materials Consumed	23	51,06,50,202		39,02,71,619	
Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress	24	(1,32,62,224)		1,44,57,195	
Excise Duty on Sale of Goods		-		1,89,44,223	
Employee Benefits Expense	25	4,89,01,943		6,05,81,052	
Finance Costs		95,11,242		1,29,05,635	
Depreciation and Amortisation Expenses	26	1,00,42,011		1,04,58,504	
Other Expenses	27	10,38,81,825		12,08,22,697	
Total Expenses			66,97,25,000		62,84,40,925
Profit/(Loss) Before Exceptional Item and Tax			1,97,76,464		(3,17,63,793)
Exceptional Item			-		4,33,08,587
Profit/(Loss) After Exceptional Item and Before Tax			1,97,76,464		(7,50,72,379)
Tax Expense					
Current Tax		44,00,000		-	
Deferred Tax		(14,75,464)		(2,43,883)	
Total Tax Expense			29,24,536		(2,43,883)
Profit/(Loss) for the Year			1,68,51,928		(7,48,28,496)
Earnings per Share:					
Basic and Diluted			5.63		(24.98)

Significant Accounting Policies 1

The notes referred to above form an integral part of Financial Statements

As per our Report of even date
For Ganesh Daivajna & Co.
Chartered Accountants
Firm Reg No. 103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Naveen G. Daivajna
Partner
M. No. 126231

Place : Margao , Goa
Date : 26th April 2019

MARPOL PRIVATE LIMITED MARGAO GOA

For and on behalf of the Board

Rohit Pai Panandiker	G.T. Govindarajan	P.D. Pai
Director	Director	Director
DIN - 00559055	DIN - 08105268	DIN - 08115481

Place : Margao , Goa
Date : 26th April 2019

MARPOL PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY

A - Equity Share Capital

Rs. in Crores

Balance as at 1st April, 2018	2,99,52,000
Changes in Equity Share Capital during 2018-2019	-
Balance as at 31st December, 2018	2,99,52,000

B - Other Equity

Rs. in Crores

	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2018	83,92,356	3,74,10,430	4,58,02,786
Total Comprehensive Income for the Year	-	1,68,51,928	1,68,51,928
Transaction with Owners in their Capacity as Owners, recorded directly in equity			
Dividends	-	-	-
Dividend Distribution Tax	-	-	-
	-	-	-
Transfer from Retained Earnings	-	-	-
Transfer to General Reserve	-	-	-
Balance as at 31st March, 2019	83,92,356	5,42,62,357	6,26,54,713

MARPOL PRIVATE LIMITED
STANDALONE STATEMENT CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

	Year ended 31st March, 2019	
Cash Flow From Operating Activities		
Profit Before Tax		1,97,76,463.80
Adjustments for:		-
Depreciation and Amortisation Expenses	1,00,42,011.00	
Fair Value Gain on Financial Instruments recognised through FVTPL		
Unrealised Foreign Exchange Gain (Net)	-	
Profit on Sale of Current Investments (Net)	-	
Interest Income	(1,95,169.58)	
Insurance Claim Receivable	(2,68,005.00)	
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	-	
Provisions for Doubtful Debts and Bad Debts	-	
Reversal of Indirect Tax Provisions	-	
Interest Expense	95,11,242.06	
		95,78,836.42
Operating Profit Before Working Capital Changes		2,93,55,300.22
(Increase) in Trade and Other Receivables	(3,00,10,205.39)	
(Increase) in Inventories	(3,83,05,811.00)	
Decrease in Trade Payables, Other Financial Liabilities and Provisions	6,39,07,363.72	
		(44,08,652.67)
Cash Generated from Operations		2,49,46,647.55
Direct Taxes Paid (Net of Refunds)		(25,06,769.00)
Net Cash Flows generated from Operating Activities		2,24,39,878.55
Cash Flow from Investing Activities		
Purchaseof Property, Plant and Equipment and Other Intangible Assets (including Adjustments on Account of Capital Work-in-progress, Capital Creditors and Capital Advances)	(9,39,652.00)	-
Payment for CWIP	(1,62,53,205.50)	
Proceeds from Sale of Property, Plant and Equipment	32,47,906.00	
Purchase of Current Investments	-	
Proceeds from Sale / Redemption of Current Investments	5,00,000.00	
Purchase of Investments in Subsidiaries	-	
Interest Received	1,95,169.58	
Insurance Claim Receivable	2,68,005.00	
Proceeds from Fixed Deposits on Maturity	-	
Net Cash Flows (used in) from Investing Activities		(1,29,81,776.92)
Cash Flows from Financing Activities		
Repayment of long-term Borrowings	(4,46,09,414.63)	
Interest Paid	(95,11,242.06)	
Tax on Proposed Dividend	-	
Net Cash Flows (used in) Financing Activities		(5,41,20,656.69)
Net Increase / (Decrease) in Cash and Cash Equivalents		(4,46,62,555.06)

MARPOL PRIVATE LIMITED
STANDALONE STATEMENT CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019 (contd.)

	Year ended 31st March, 2019	
Cash and Cash Equivalents at beginning of the year, the components being:		-
Cash on Hand	45,003.39	
Cheques on hand	4,26,82,211.59	
Balances with Banks on Current, Margin and Fixed Deposit Accounts	19,35,340.08	
Effect of exchange rate fluctuation	-	
		4,46,62,555.06
Cash and Cash Equivalents at end of the year, the components being:		
Cash on Hand	61,745.70	
Cheques on hand	7,05,795.73	
Balances with Banks on Current, Margin and Fixed Deposit Accounts	32,73,053.97	
Effect of exchange rate fluctuation	-	
		40,40,595.40
Net Increase / (Decrease) as disclosed above		(4,06,21,959.66)

MARPOL PRIVATE LIMITED MARGAO GOA

As per our Report of even date
For Ganesh Daivajna & Co.
Chartered Accountants
Firm Reg No. 103054W

GANESH DAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

Naveen G. Daivajna
Partner
M.No.126231

Place: Margao, Goa
Date: 27th June, 2018

For and on behalf of the Board

Rohit Pai Panandiker
Director
DIN - 00559055

G.T. Govindarajan
Director
DIN - 08105268

P.D. Pai
Director
DIN - 08115481

Place : Margao , Goa
Date :

Note A: Corporate Information

Marpol Private Limited (the 'Company') is a private limited company domiciled in India and incorporated under the provisions of the Companies Act. The registered office of the Company is located at Margao, Goa. The Company is principally engaged in the manufacturing of Powder.

The Standalone Financial Statements for the year ended 31st March, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on .

Note B: Basis of preparation

1 Statement of compliance

The Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Company's Accounting Policies are included in Note 1.

2 Functional and Presentation currency

The Standalone Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

3 Basis of measurement

The Standalone Financial Statements have been prepared on the historical cost basis except for investments in mutual funds, non-trade equity shares, bonds and provision for employee defined benefit plans.

4 Use of estimates and judgements

Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

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

i) Critical Judgments

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

Discount rate used to determine the carrying amount of the Company's defined benefit obligation.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and Commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

ii) **Key Sources of Estimation Uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful Lives of Property, Plant and Equipment

As described in Note 1(3)(c), the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Allowances for Doubtful Debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts equires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Allowances for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Liability for Sales Return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return.

Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Note C: Recent Accounting Pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual period beginning on or after 1 April 2019.

Ind AS 116 - Leases

Ind AS 116 - Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Following impacts are expected:
- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straight-line basis whilst the lease liability reduces by the principal amount of repayments;
- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by Cochlear at various stages of their terms; and
- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the standalone financial statements:
- Amendments to Ind AS 103, Business Combinations, and Ind AS 111, Joint Arrangements: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

- Amendments to Ind AS 109, Financial Instruments: amendments relating to the classification of particular prepayable financial assets

- Amendments to Ind AS 12, Income Taxes, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits - i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

'- Amendment to Ind AS 19, Employee Benefits - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions - i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).

- Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

- Amendments to Ind AS 28, Investments in Associates and Joint Ventures: When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately.

MARPOL PRIVATE LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note III Significant Accounting Policies

1 Classification of Assets and Liabilities

Schedule III to the Act, requires assets and liabilities to be classified as either Current or Non-current.

(a) An asset shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within twelve months after the reporting date; or

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

(b) All assets other than current assets shall be classified as non-current.

(c) A liability shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within twelve months after the reporting date; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. 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.

(d) All liabilities other than current liabilities shall be classified as non-current.

2 Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained the operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3 Property, Plant and Equipment

(a) Recognition and Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost and then carried at the cost less accumulated depreciation and accumulated impairment, 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 and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is included in the cost of an item of property, plant and equipment.

The cost of a self-constructed item of Property, Plant and Equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Tangible Property, Plant and Equipment under construction are disclosed as Capital Work-in-progress. Item of Capital Work-in-progress is carried at cost using the principles of valuation of item of property, plant and equipment till it is ready for use, the manner in which intended by management.

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Note III: Significant Accounting Policies (contd.)

3 Property, Plant and Equipment (contd.)

(b) 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.

(c) Depreciation

The depreciable amount of an item of Property, Plant and Equipment is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the Standalone Statement of Profit and Loss unless it is included in the carrying amount of another asset.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) - as per Companies Act, 2013	Useful Lives (in years) - as estimated by the Company
Buildings	30-60	30-60
Plant and Equipments	10-20	10-25
Furniture and Fixtures	10	10
Vehicles	10	10
Office Equipments	5	5
Computers	3-6	3-6
Assets for Scientific Research	10-20	20
Assets on Operating Lease	NA	5

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

Depreciation charge for the year is displayed as depreciation on the face of Standalone Statement of Profit and Loss.

Leasehold lands and leasehold improvements are amortised over the primary period of lease.

(d) Disposal

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Standalone Statement of Profit and Loss when the item is derecognised.

Note III: Significant Accounting Policies (contd.)

4 Investment Property

(a) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at its cost. The cost of an investment property comprises its purchase price and any directly attributable expenditure. After initial recognition, the Company carries the investment property at the cost less accumulated depreciation and accumulated impairment, if any.

(b) Depreciation

After initial recognition, the Company measures all of its investment property in accordance with Ind AS 16 - Property, Plant and Equipment requirements for cost model. The depreciable amount of an item of investment property is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Based on internal technical evaluation, the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The depreciation charge for each period is generally recognised in the Standalone Statement of Profit and Loss.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) - as per Companies Act, 2013	Useful Lives (in years) - as estimated by the Company
Buildings	30-60	30-60

(c) Fair Value

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 3.

(d) Gain or loss on Disposal

Any gain or loss on disposal of an Investment Property is recognised in the Standalone Statement of Profit and Loss.

Note III: Significant Accounting Policies (contd.)

5 Other Intangible Assets

(a) Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially measured at its cost and then carried at the cost less accumulated amortisation and accumulated impairment, if any.

Research and Development

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Expenditure incurred on research of an internal project is recognised as an expense in Standalone Statement of Profit and Loss, when it is incurred.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use. An intangible asset arising from development is recognised if, and only if, the following criteria are met:

(a) it is technically feasibile to complete the intangible asset so that it will be available for use or sale.
(b) the Company intends to complete the intangible asset and use or sell it.
(c) the Company has ability to use or sell the intangible asset.
(d) the Company can demonstrate how the intangible asset will generate probable future economic benefits.
(e) the Company has adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) the Company has ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised in Standalone Statement of Profit and Loss as incurred.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Standalone Statement of Profit and Loss as incurred.

(c) Amortisation

The Company amortises Other Intangible Assets on the straight line method. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The amortisation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The estimated useful lives as estimated by management are as follows:

Asset Class	Useful Lives (in years) - as estimated by the Company
Software	3 Years

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Note III: Significant Accounting Policies (contd.)

6 Non-current assets or disposal group held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any resultant loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and biological assets, which continue to be measured in accordance with the Company's other accounting policies. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in Standalone Statement of Profit and Loss.

Once assets classified as held-for-sale, then Property, Plant and Equipment, Investment Property and Other Intangible Assets are no longer required to be depreciated or amortised.

7 Employee Benefits

(a) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

(i) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Standalone Statement of Profit and Loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

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Note III: Significant Accounting Policies (contd.)

7 Employee Benefits (contd.)

(b) Post-Employment Benefits (contd.):

Defined contribution plans (contd.)

(ii) Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 15% of employees'eligible salary). The contributions are made to the Life Insurance Corporation of India (LIC). Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Standalone Statement of Profit and Loss

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Note III: Significant Accounting Policies (contd.)

7 Employee Benefits (contd.)

Defined Benefit Plans (contd.)

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days to one month salary payable for each completed year of service or part thereof in excess of six months depending upon category of employee. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

Provident Fund Trust

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan. Any obligation in this respect is measured on the basis of independent actuarial valuation.

(c) Other Long-term Employee Benefits - Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Standalone Statement of Profit and Loss.

8 Inventories

(a) Measurement of Inventory

The Company measures its inventories at the lower of cost and net realisable value.

(b) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned by weighted average cost formula. The Company uses the same cost formula for all inventories having a similar nature and use to the Company.

Note III: Significant Accounting Policies (contd.)

8 Inventories (Contd.)

(c) Net realisable value

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. Net realisable value is ascertained for each item of inventories with reference to the selling prices of related finished products.

The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Inventories are usually written down to net realisable value item by item. Estimates of net realisable value of finished goods and stock-in-trade are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Amount of any reversal of write-down of inventories shall be recognised as an expense as when the event occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Amounts such reversed shall be recongnised as a reduction in the amount of inventories recongnised as an expense in the period in which reversal occurs.

(d) Valuation of Spare parts, stand-by equipments and servicing equipments

Spare parts, stand-by equipment and servicing equipment are recognised as Property, Plant and Equipment if and only if it is probable that future economic benefits associated with them will flow to the Company and their cost can be measured reliably. Otherwise such items are classified and recognised as Inventory.

9 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts which are repayable on demand form an integral part of the Company's cash management, hence bank overdrafts are included as a component of cash and cash equivalents.

10 Government Grants

Government grants are assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Government grants are not be recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Note III: Significant Accounting Policies (contd.)

11 Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

12 Revenue Recognition

Effective 1 April, 2018, the Company has adopted Ind AS 115 'Revenue from contracts with customers'.

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is adjusted for estimated customer returns, rebates and other similar allowances. Revenue from sale of goods is recognized as per below 5 step model:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer,i.e. at which time all the following conditions are satisfied:

- The company has transferred to the buyer the significant risk & rewards of the ownership of the goods
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that economic benefits associated with the transaction will flow to the company and

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Note III: Significant Accounting Policies (contd.)

12 Revenue Recognition (contd.)

Interest Income

Interest income is recognised using the effective interest method as set out in Ind AS 109 - Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Dividend Income

Dividend income is recognised when right to receive payment is established and it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

13 Foreign Currency Transactions

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is thecurrency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate whereas non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Standalone Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Standalone Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Standalone Statement of Profit and Loss.

Note III: Significant Accounting Policies (contd.)

14 Taxation

Income tax

Income tax comprises current tax and deferred tax expense. It is recognised in Standalone Statement of Profit and Loss except to the extent that it relates to a business combination or to an item 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 (and tax laws) enacted or substantively enacted by the reporting date.

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 also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

a 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;

b taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been 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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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Note III: Significant Accounting Policies (contd.)

15 Lease

Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

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 (net of any incentives received from the lessor) are charged to Standalone Statement of Profit and Loss on 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.

Note III: Significant Accounting Policies (contd.)

16 Financial Instruments

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is measured at

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt investment;
- Fair Value through Other Comprehensive Income - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note III: Significant Accounting Policies (contd.)

16 Financial Instruments (contd.)

(b) Classification and subsequent measurement (contd.)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Standalone Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in Standalone Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Standalone Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Standalone Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Standalone Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement
of Profit and Loss.

(c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does
not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone Statement of Profit and Loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Note III: Significant Accounting Policies (contd.)

17 Borrowing Cost

The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognises other borrowing costs as an expense in the period in which it incurs them. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

18 Earnings Per Share

Basic earnings per share

The Company calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

Diluted earnings per share

The Company calculates diluted earnings per share amounts for profit or loss attributable to ordinary equity holders and, if presented, profit or loss from continuing operations attributable to those equity holders.

For the purpose of calculating diluted earnings per share, the Company adjusts profit or loss attributable to ordinary equity holders, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares calculated for calculating basic earnings per share and adjusted the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive
potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Note III: Significant Accounting Policies (contd.)

19 **Impairment Loss**

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'creditimpaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

In accordance with Ind AS 109 - Financial Instruments, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of Non Financial Assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate.

The Company assesses at the end of each reporting period whether there is any indication that an asset is impaired. In assessing whether there is any indication that an asset may be impaired, the Company considers External as well as Internal Source of Information. If any such indication exists, the Company estimates the recoverable amount for the individual asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit). A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company recognises impairment loss for a cash-generating unit if, and only if, the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit. The Company allocates impairment loss of cash-generating units first to the carrying amount of goodwill allocated to the cash-generating units, if any, and then, to the other assets of the cash-generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit. These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognised accordingly.

ote III: Significant Accounting Policies (contd.)

20 Measurement of fair values

A number of the Companies 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. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team 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 valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. 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.

21 Investment in Subsidiaries

A subsidiary is an entity that is controlled by the Company.
The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27 - Separate Financial Statements.

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Note 2: Property, Plant and Equipment

In Rupees

Description	Gross Block				Accumulated Depreciation				Net Block
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019
Leasehold Land	29,98,799 (43,71,607)	- -	- (13,72,808)	29,98,799 (29,98,799)	6,14,047 (7,51,189)	48,913 (61,215)	- (1,98,357)	6,62,960 (6,14,047)	23,35,839 (23,84,752)
Buildings	3,28,23,838 (3,95,74,783)	5,09,652 -	- (67,50,945)	3,33,33,490 (3,28,23,838)	1,73,08,874 (1,89,66,564)	11,32,553 (13,58,813)	- (30,16,503)	1,84,41,427 (1,73,08,874)	1,48,92,063 (1,55,14,964)
Plant and Equipments	20,36,84,548 (20,52,02,227)	- (32,81,435)	- (47,99,114)	20,36,84,548 (20,36,84,548)	17,31,19,406 (17,00,04,761)	76,15,717 (77,11,428)	- (45,96,782)	18,07,35,123 (17,31,19,406)	2,29,49,425 (3,05,65,142)
Furniture and Fixtures	70,48,971 (70,48,971)	- -	- -	70,48,971 (70,48,971)	69,91,683 (69,60,397)	24,118 (31,286)	- -	70,15,801 (69,91,683)	33,170 (57,288)
Vehicles	42,95,152 (55,74,462)	- -	32,47,906 (12,79,310)	10,47,246 (42,95,152)	40,31,498 (43,91,110)	85,250 (2,87,554)	31,94,952 (6,47,166)	9,21,796 (40,31,498)	1,25,450 (2,63,654)
Office Equipments	81,80,304 (82,86,677)	- (24,500)	- (1,30,873)	81,80,304 (81,80,304)	77,36,545 (76,44,939)	2,22,722 (2,22,479)	- (1,30,873)	79,59,267 (77,36,545)	2,21,037 (4,43,759)
Computers	63,39,122 (93,99,194)	4,30,000 (3,14,816)	- (33,74,889)	67,69,122 (63,39,122)	57,46,550 (87,15,847)	7,22,679 (4,05,592)	- (33,74,889)	64,69,230 (57,46,550)	2,99,892 (5,92,571)
Total Tangible Assets	26,53,70,735 (27,94,57,922)	9,39,652 (36,20,751)	32,47,906 (1,77,07,938)	26,30,62,481 (26,53,70,735)	21,55,48,604 (21,74,34,807)	98,51,952 (1,00,78,367)	31,94,952 (1,19,64,570)	22,22,05,604 (21,55,48,604)	4,08,56,876 (4,98,22,131)

2.1. Figures in the brackets are the corresponding figures in respect of the previous year.

2.2. No items of Property, Plant and Equipment were pledged as security for liabilities during any part of the current and comparative periods.

2.3. Nil amount of borrowing costs is capitalised during the current and comparative periods.

2.4. Nil amount of impairment loss is recognised during the current and comparative periods.

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In Rupees

Note 3: Other Intangible Assets

Description	Gross Block				Accumulated Amortisation				Net Block
	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 1st April, 2018	Additions	Deductions	As at 31st March, 2019	As at 31st March, 2019
Software	31,30,375 (19,52,375)	- (11,78,000)	- -	31,30,375 (31,30,375)	21,43,901 (17,63,764)	1,90,069 (3,80,138)	- -	23,33,970 (21,43,901)	7,96,405 (9,86,474)
Total Other Intangible Assets	31,30,375 (19,52,375)	- (11,78,000)	- -	31,30,375 (31,30,375)	21,43,901 (17,63,764)	1,90,069 (3,80,138)	- -	23,33,970 (21,43,901)	7,96,405 (9,86,474)

3.1. Figures in the brackets are the corresponding figures in respect of the previous year.

3.2. Nil amount of borrowing costs is capitalised during the current and comparative periods.

3.3. Nil amount of impairment loss is recognised during the current and comparative periods.

MARPOL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 4: Non-current Investments

In Rupees

	As at 31st March, 2019	As at 31st March, 2018
Investments in Equity Instruments:		
i. Others		
Goa Urban Co-op. Bank Nil (10,000 Equity Shares of Rs. 50 each)	-	5,00,000
Total Non-current Investments	-	5,00,000
Aggregate book value of unquoted investments	-	5,00,000
Aggregate market value of unquoted investments	-	5,00,000
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	Nil	Nil

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In Rupees

Note 5: Other non-current assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured and Considered Good		
Capital Advances	-	-
Income Tax Paid (Net of Provisions)	1,62,016	20,55,247
	1,62,016	20,55,247

Note 6: Inventories

	As at 31st March, 2019	As at 31st March, 2018
Raw Materials	5,35,48,330	3,61,68,424
Work-in-progress	87,57,553	1,22,16,234
Finished Goods	4,03,24,577	2,36,03,672
Stores and Spares	2,43,09,104	1,66,45,423
	12,69,39,564	8,86,33,753

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NOTES TO THE FINANCIAL STATEMENTS

In Rupees

Note 7: Trade Receivables

	As at 31st March, 2019		As at 31st March, 2018	
Overdue for a Period Exceeding Six Months:				
Secured, Considered Good	-		-	
Unsecured, Considered Good	19,35,944		5,81,827	
Doubtful	1,37,61,429		1,40,04,122	
	1,56,97,373		1,45,85,949	
Less: Provision for Bad and Doubtful Debts	1,37,61,429		1,40,04,122	
		19,35,944		5,81,827
Other Receivables:				
Secured, Considered Good	-		-	
Unsecured, Considered Good	15,46,25,305		12,02,29,590	
Doubtful	-		-	
	15,46,25,305		12,02,29,590	
Less: Provision for Bad and Doubtful Debts	-		-	
		15,46,25,305		12,02,29,590
		15,65,61,249		12,08,11,416

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In Rupees

Note 8: Cash and cash equivalents	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	61,746	45,003
Banks Balances	7,05,796	4,26,82,212
	7,67,541	4,27,27,215

Note 9: Bank Balance other than Cash and cash equivalents		
Fixed Deposit with Bank	32,73,054	19,35,340
	32,73,054	19,35,340

Note 10: Loans		
Unsecured and Considered Good		
Security Deposits	10,97,356	18,56,412
	10,97,356	18,56,412

Note 11: Other Current Assets		
Unsecured and Considered Good		
Balances with Indirect Tax Authorities	32,46,136	16,85,160
Trade Advances	16,15,133	59,56,113
Prepaid Expenses	19,78,350	19,18,590
Fixed Deposit with Bank (Maturity more than 12 Months)	6,65,151	5,89,045
Other Receivable	13,702	5,660
	75,18,472	1,01,54,567

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NOTES TO THE FINANCIAL STATEMENTS

Note 12: Share Capital

In Rupees

	As at 31st March, 2019	As at 31st March, 2018
1. Authorised Share Capital (Rs)	5,00,00,000	5,00,00,000
Par Value per Share (Rs)	10	10
Number of Equity Shares	50,00,000	50,00,000
2. Issued, Subscribed and Fully Paid up (Rs)	2,99,52,000	2,99,52,000
Par Value per Share (Rs)	10	10
Number of Equity Shares	29,95,200	29,95,200

3. Details of Shareholders holding more than 5% of

	%	No of Shares	%	No of Shares
Kansai Nerolac Paints Limited	100%	29,95,200	-	-
Kamlesh A. Pai Panandiker (HUF)	-	-	13.33%	3,99,200
Vishvanath . A. Pai Panandiker (HUF)	-	-	12.02%	3,60,000
Shambhu A. Pai Panandiker (HUF)	-	-	9.01%	2,70,000
Shanu A. Pai Panandiker (HUF)	-	-	8.97%	2,68,800
Ramchandra A. Pai Panandiker (HUF)	-	-	8.97%	2,68,800
Vishvanath P Panandiker Tdg.& Inv.Co. Pvt. Ltd.	-	-	8.65%	2,59,200
Veda P Panandiker Tdg. & Inv. Co. Pvt. Ltd.	-	-	8.09%	2,42,400
Shanu P Panandiker Trdg. & Inv. Co. Pvt. Ltd.	-	-	6.61%	1,98,000
Ramchandra P Panandiker Tdg.& Inv.Co.Pvt.Ltd.	-	-	6.61%	1,98,000
Atmaram P Palondicar Trdg. & Inv. Co. Pvt. Ltd.	-	-	6.09%	1,82,400

4. Aggregated number of bonus share issued during the period of five years immediately preceding the reporting date by capitalisation of security premium reserve	Nil	Nil

5. The Company has issued one class of shares, i.e. equity shares, which enjoys similar rights in respect of voting, payment of dividend and repayment of capital. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

6. Reconciliation of the number of shares outstanding:

Number of shares at the beginning of the year	29,95,200	29,95,200
Issued during the year	-	-
Number of shares at the end of the year	29,95,200	29,95,200

7. Capital Management:
For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the levels of dividends to equity shareholders. The Company is not subject to any externally imposed capital requirements.

Note 13 - Reserves and Surplus

In Rupees

	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2017	83,92,356	11,22,41,283	12,06,33,639
Profit for the year	-	(7,48,28,476)	(7,48,28,476)
Balance as at 31st March, 2018	83,92,356	3,74,12,808	4,58,05,164

In Rupees

	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2018	83,92,356	3,74,12,808	4,58,05,164
Profit for the period	-	1,68,51,928	1,68,51,928
Balance as at 31st March, 2019	83,92,356	5,42,64,735	6,26,57,091

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In Rupees

Note 14: Borrowings	As at 31st March, 2019	As at 31st March, 2018
a. Term Loans From Banks and Financial Institution	-	10,23,811
	-	10,23,811

In Rupees

Note 15: Income Taxes

		Year ended 31 March, 2019	Year ended 31 March, 2018
A.	The major components of income tax expense for the year are as under:		
(i)	Income tax recognised in the Standalone Statement of Profit and Loss		
	Current tax:		
	In respect of current year	44,00,000	-
	Deferred tax:		
	In respect of current year	(14,75,464)	(2,43,833)
	Income tax expense recognised in the Standalone Statement of Profit and Loss	29,24,536	(2,43,833)
(ii)	Income tax expense recognised in OCI		
	Deferred tax expense on remeasurements of defined benefit plans	-	-
	Income tax expense recognised in OCI	-	-
B.	Reconciliation of tax expense and the accounting profit for the year is as under:		
	Profit before tax	1,97,76,464	(7,50,72,379)
	Income tax expense calculated at 34.944%	69,10,688	(2,62,70,828)
	Others	(39,86,152)	2,60,26,995
	Total	29,24,536	(2,43,833)
	Tax expense as per Standalone Statement of Profit and Loss	29,24,536	(2,43,833)

The tax rate used for reconciliation above is the corporate tax rate of 34.944% payable by corporate entities in india on taxable profits under indian tax law. The company pays tax under Minimum Alternate Tax.

C. The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

Particulars	Balance Sheet 01.04.2018	Profit and Loss 2018-2019	OCI 2018-2019	Balance Sheet 31.03.2019
Difference between written down value / capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961.	16,78,618	(14,75,464)	-	2,03,154
Deferred tax (expense) / income		-		
Net Deferred tax liabilities	16,78,618	(14,75,464)	-	2,03,154

Particulars	Balance Sheet 01.04.2017	Profit and Loss 2017-2018	OCI 2017-2018	Balance Sheet 31.03.2018
Difference between written down value / capital work in progress of Property, Plant and Equipment as per the books of accounts and Income Tax Act,1961.	19,22,501	(2,43,883)	-	16,78,618
Deferred tax (expense) / income				
Net Deferred tax liabilities	19,22,501	(2,43,883)	-	16,78,618

MARPOL PRIVATE LIMITED MARGAO GOA

GANESH SATVANJALIA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO - GOA

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

In Rupees

Note 16: Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Short-term Term Loan	-	17,55,108
Working Capital Loan	10,50,05,546	14,68,36,042
	10,50,05,546	14,85,91,150

Note 17: Trade Payables

Trade Payables		
Payables to Micro and Small Enterprises*	-	-
Payables to Others	14,52,29,344	8,37,25,690
	14,52,29,344	8,37,25,690

*Based on the information and explaination available with management, there are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 18: Other Financial Liabilities

Trade Deposits	32,94,339	30,94,339
	32,94,339	30,94,339

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 19: Other Current Liabilities

Other Statutory Payables	36,38,698	43,52,061
Trade Receivables with Credit Balance	9,94,768	2,12,634
	46,33,466	45,64,695

Note 20: Provisions

Provision for Compensated Absences	7,60,095	10,47,089
Provision for Gratuity	24,90,703	-
	32,50,798	10,47,089

GANESH BAIVAJNA & CO. CHARTERED ACCOUNTANTS Reg. No. 103054W MARGAO-GOA

MARPOL PRIVATE LIMITED MARGAO GOA

In Rupees

Note 21: Revenue from Operations

	Period ended 31st March, 2019		Year ended 31st March, 2018	
Sale of Products (including excise duty)				
Sales		68,64,87,186		59,27,85,151
Less: Rebates		-		-
Total Sale of Products		68,64,87,186		59,27,85,151
Other Operating Revenues				
Sale of Scrap	25,06,611		7,26,523	
Others	44,492		4,62,234	
		25,51,103		11,88,757
Revenue from Operations		68,90,38,289		59,39,73,909

Note 22: Other Income

Dividend Income				
Dividend from Investment	-		15,000	
		-		15,000
Interest Income				
Interest on Loans and Deposit	1,95,170		2,46,293	
		1,95,170		2,46,293
Other Non operating Income				
Profit on Sale of Property, Plant and Equipment	-		5,13,775	
Foreign Exchange Gain (Net)	-		19,28,156	
Insurance Claims Received	2,68,005		-	
		2,68,005		24,41,931
		4,63,175		27,03,223

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

In Rupees

Note 23: Cost of Materials Consumed

	Period ended 31st March, 2019		Year ended 31st March, 2018	
Raw Material Consumed				
Opening Stock	3,56,23,098		3,20,62,461	
Add: Purchase	51,19,51,705		37,92,61,524	
Less: Sales	-		-	
Less: Closing Stock	5,21,87,161		3,56,23,078	
		49,53,87,642		37,57,00,908
Packing Material Consumed				
Opening Stock	5,45,346		9,94,808	
Add: Purchase	1,60,78,403		1,41,21,249	
Less: Closing Stock	13,61,189		5,45,346	
		1,52,62,560		1,45,70,711
		51,06,50,202		39,02,71,619

Note 24: Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress

Opening Stock				
Finished Goods	2,36,03,672		3,45,61,584	
Work-in-progress	1,22,16,234		1,62,77,894	
		3,58,19,906		5,08,39,478
Less: Closing Stock				
Finished Goods	4,03,24,577		2,36,03,652	
Work-in-progress	87,57,553		1,22,16,234	
		4,90,82,130		3,58,19,886
Add: Excise Duty Related to the Difference between the Closing Stock and Opening Stock of Finished Goods		-		(5,62,397)
		(1,32,62,224)		1,44,57,195

In Rupees

Note 25: Employee Benefits Expense

	Period ended 31st March, 2019	Year ended 31st March, 2018
Salaries and Wages	4,05,59,612	5,19,45,372
Contribution to Provident and Other Funds	56,69,164	45,48,084
Staff Welfare Expense	26,73,167	40,87,596
	4,89,01,943	6,05,81,052

Note 26: Depreciation and Amortisation

Depreciation on Property, Plant and Equipment	98,51,952	1,00,78,367
Amortisation on Other Intangible Assets	1,90,069	3,80,138
	1,00,42,021	1,04,58,504

Note 27: Other Expenses

Consumption of Stores and Spare Parts	1,63,20,926	2,20,21,905
Power and Fuel	2,88,26,058	2,37,11,848
Repairs to Buildings	1,63,073	4,89,898
Repairs to Machinery	49,60,524	46,03,158
Freight and Forwarding Charges	2,38,81,351	2,05,59,148
Advertisement and Sales Promotion	2,18,602	3,70,712
Rent	16,90,494	54,94,880
Insurance	7,47,722	11,67,927
Miscellaneous Expenses	2,70,73,077	4,24,03,222
	10,38,81,825	12,08,22,697

GANESH DAMAJNA & CO. CHARTERED ACCOUNTANTS MARGAO-GOA

MARPOL PRIVATE LIMITED * GOA *

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
		₹ in Crores
Note 31.1: Payments to Auditors'		
Auditors' Remuneration excluding Service Tax/GST (Included in Miscellaneous Expenses in Note 31)		
As Auditor		
Statutory Audit	459233.00	459233.00
Report under Section 44AB of the Income-tax Act, 1961		
Limited Review of Quarterly Results		
In other capacity		
Certification	32700.00	
Other Matters		
Reimbursements of Expenses		
	4,91,933.00	459233.00

Note 31.2: Research and Development Expenses

Revenue Expenditure on Research and Development recognised in Standalone Statement of Profit and Loss is nil

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

₹ in Crores

Note 32: Contingent Liabilities and commitments (to the extent not provided for)	Year ended 31st March, 2019	Year ended 31st March, 2018
Claims against the Company not acknowledged as debt:		
Sales Tax & Income Tax		
The Company has made adequate provisions in the accounts for claims against the Company related to direct and indirect taxes matters, except for certain claims not acknowledged as debts, **Sales Tax** Amount totalling to Rs. 59,66,949/- from the Sales Tax Authorities, a demand of sales tax for non-submission of Form 'C' for the year 2004-05. **Income Tax** Amount totalling to Rs. 27,70,026/- from the Income Tax Authorities, a demand notice for assessment year 2003-2004 Rs. 14,57,756/- and 2010-11 Rs. 13,12,270/- The Company's management is of the opinion that ultimate liability in respect of these litigations shall not exceed the amount provided in books of account, and shall not have any material adverse effect on the Company's operation and financial position.	8736975	8736975
Excise	2750923.00	
Appeal No. E/115/2011 and E/579/2011 Against OIA No. GOA/CEX/GSK/113 & 114 Dt.30.11.10 - Excise duty difference of Himachal Pradesh Baddi		
Corporate guarantee		
Corporate guarantee given to Bank - Bank Guarantee & letter of Credit	15752418.00	8782863.00
	27240316.00	17519838.00

Note 33: Earnings Per Equity Share		
Numerator:		
Profit attributable to Equity Shareholders (₹ in Crores)	1,68,51,928	(7,48,28,496)
Denominator:		
Weighted Average Number of ordinary shares at the beginning and end of the year	29,95,200.00	29,95,200.00
Basic and Diluted Earnings per Equity Share (in ₹)	5.63	(24.98)

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 34: Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its Financial Statements

(a) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Parent and ultimate controlling entity

Name	% Shareholding		Type	Principal Activities	Place of Incorporation
	2019	2018			
Kansai Paints Co. Ltd, Japan			Ultimate controlling Authority	Manufacturing Paints	Japan
Kansai Nerolac Paints Ltd.	100	0	Parent	Manufacturing Paints	India

Kansai Paints Co., Ltd. is the immediate and ultimate holding company of Kansai Nerolac Paints Ltd. and is based and listed in Japan. Financial Statements of Kansai Paints Co., Ltd. are available in public domain.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel includes (1) Mr. P. P. Shah, Chairman (2) Mr. H. M. Bharuka, Vice Chairman and Managing Director, (3) Mr. N. N. Tata, Director (4) Mr. Anuj Jain, Wholetime Director, (5) Mrs. Brinda Somaya, Director (6) Mr. P. D. Pai, CFO and (7) Mr. G. T. Govindarajan, Company Secretary.

We will change from KNPL HO.

Related Party Transactions:

₹ in Crores

Transaction Type	Relation	2019	2018
Sale of finished goods/Intermediates			
-Kansai Nerolac Paints Ltd.	Parent entity	60809941.00	
Purchase of Goods			
-Kansai Nerolac Paints Ltd.	Parent entity	48145325.00	

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 34: Related Party Disclosures

Related Party Transactions:

₹ in Crores

Transaction Type	Relation	2019	2018
Dividend Paid			
Dividend Income			
Transfer under license agreements			
Royalty Expense			
Technical Fees Including Reimbursement of Expenses			
Royalty Income			
Details of any guarantees given			
Transfers under finance arrangements (including loans and equity contributions in cash or in kind)			
Equity Investment			
Interest Income			
Management contracts including for deputation of employees			
Amount of outstanding balances, including commitments, their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement			
Receivable as at Year End			
Kansai Nerolac Paints Ltd.	Parent entity	6238265.00	
Payable as at Year End			
Kansai Nerolac Paints Ltd.	Parent entity	48554648.00	
Key Management Personnel			
(a) short-term employee benefits		2409120.00	

Put Salary/emoulments received by Dir

Related Party Transactions:
Related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

Note 36: Segment Reporting

The Management Committee of the Company, approved by the Board of Directors and Audit Committee performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Management Committee. The financial information presented to the Management Committee in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for various products of the Company. As the Company's business activity falls within a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

Note 37: Corporate Social Responsibilities

During the year, the Company has spent Nil (2017-2018 Nil) towards 'Corporate Social Responsibility Activities' (CSR Activities).

(a) Gross amount required to be spent by the Company during the year Nil.

(b) Amount spent during the year on:

₹ in Crores

		In Cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above			

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 38: Financial Instruments: Fair values and Risk Management

(A) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

	Year	At FVTPL	Other financial assets / liabilities – Amortised cost	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair Value							
Non-current Assets: Investments (Note 5)	2019		1,62,016.00				1,62,016.00
	2018		20,55,247.00				20,55,247.00
Current Assets: Investments (Note 4)	2019		-				-
	2018		5,00,000.00				5,00,000.00
Financial Assets not measured at Fair Value							
Non-current Assets: Other Financial Assets (Note 6)	2019	-	12,69,39,564.00				12,69,39,564.00
	2018	-	8,86,33,753.00				8,86,33,753.00
							-
Current Assets: Trade Receivables (Note 7)	2019	-	15,65,61,249.00				15,65,61,249.00
	2018	-	12,08,11,416.00				12,08,11,416.00
Current Assets: Cash and Cash Equivalent (Note 8)	2019	-	7,67,541.00				7,67,541.00
	2018	-	4,27,27,215.00				4,27,27,215.00
Current Assets: Bank Balances other than Cash	2019	-	32,73,054.00				32,73,054.00
	2018	-	19,35,340.00				19,35,340.00
Current Assets: Loans (Note 10)	2019	-	10,97,356.00				10,97,356.00
	2018	-	18,56,412.00				18,56,412.00
Current Assets: Other Financial Assets (Note 11)	2019	-	75,18,472.00				75,18,472.00
	2018	-	1,01,54,567.00				1,01,54,567.00
Financial Liabilities not measured at Fair Value							
Non-current Liabilities: Borrowings (Note 16)	2019	-	10,50,05,546.00				10,50,05,546.00
	2018	-	14,85,91,150.00				14,85,91,150.00
Current Liabilities: Trade Payable (Note 17)	2019	-	14,52,29,344.00				14,52,29,344.00
	2018	-	8,37,25,690.00				8,37,25,690.00
Current Liabilities: Other Financial Liabilities (Note	2019	-	32,94,339.00				32,94,339.00
	2018	-	30,94,339.00				30,94,339.00

MARPOL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 38: Financial Instruments: Fair values and Risk Management (contd.)

(B) Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:
- Credit Risk
- Liquidity Risk
- Market Risk

(i) Risk Management Framework

Risk Management Committee oversees the management of these risks. Management is supported by Risk Management Committee thatadvises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the management that Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company's Risk Management Policies are established to identify and analyses the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management Policies and Systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade Receivables and Loans:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

Financial Instruments and Cash Deposits

Credit risks from balances with banks and financial institutions is managed by the Company's Treasury Department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturities of Financial Liabilities:

The table below analyse the Company's financial liabilities into relevant maturing grouping based on their contractual maturities:

₹ in Crores

	Year ended	On demand	Upto 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	3 years and above	Total
Borrowings	31-03-2019	10,50,05,546.00						10,50,05,546.00
	31-03-2018	14,85,91,150.00						14,85,91,150.00
Trade Payables	31-03-2019		14,52,29,344.00					14,52,29,344.00
	31-03-2018		8,37,25,690.00					8,37,25,690.00
Other Financial Liabilities	31-03-2019					-	32,94,339.00	32,94,339.00
	31-03-2018						30,94,339.00	30,94,339.00

(iv) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

MARPOL PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 38: Financial Instruments: Fair values and Risk Management (contd.)

(iv) Market Risk (contd.)

Exposure to Currency Risk:

The summary quantitative data about the Company's exposure to currency risk is as follows:

Amount in ₹

Financial Assets		CHF	EURO	JPY	SGD	GBP	ZAR	USD	INR	Total
Trade Receivables	31-03-2019							15,92,669.00	15,49,68,580.00	15,65,61,249.00
	31-03-2018								12,08,11,416.00	12,08,11,416.00
Trade Advances	31-03-2019								16,15,133.00	16,15,133.00
	31-03-2018								59,56,113.00	59,56,113.00
Financial Liabilities										
Trade Payables	31-03-2019	6,89,322.00						84,03,222.00	13,61,36,800.00	14,52,29,344.00
	31-03-2018	26,09,750.00						58,35,513.00	7,52,80,427.00	8,37,25,690.00
Net exposure to Foreign Currency Risk (Liabilities)	31-03-2019	(6,89,322.00)						(68,10,553.00)	2,04,46,913.00	1,29,47,038.00
	31-03-2018	(26,09,750.00)						(58,35,513.00)	5,14,87,102.00	4,30,41,839.00

(V) Foreign Currency Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonable possible change in CHF, EURO, JPY and USD exchange rates, with all other variable held constant.

	Profit or Loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2019				
CHF (5% movement)	-	-	-	
EURO (5% movement)				
JPY (5% movement)				
SGD (5% movement)				
USD (5% movement)				
31st March, 2018				
CHF (5% movement)				
EURO (5% movement)				
JPY (5% movement)				
USD (5% movement)				

(C) Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other Non-current assets: Investment measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	- Forecast Annual revenue growth - Forecast EBIDA growth margin - Risk adjustment discounted rate	Generally, a changes in the annual revenue growth rate is accompanied similar change in EBIDA margin.
Current investments - in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable

The Company determined the fair value measurements of investments -unquoted categorised in Level 2 based on price agreed in a sale transaction between unrelated parties.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31st March, 2019 and 31st March, 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

As per our Report of even date

For Ganesh Daivajna & Co.

Chartered Accountants

Firm Reg No. 103054W

Naveen G Daivajna

Partner

M. No. 126231

Place : Margao , Goa

Date : 26th April 2019

For and on behalf of the Board

Rohit Pai Panandiker
Director
DIN - 00559055

G.T. Govindarajan
Director
DIN - 08105268

P.D. Pai
Director
DIN - 08115481

Place : Margao , Goa

Date : 26th April 2019