

**GUJARAT  
FLUOROCHEMICALS  
GMBH**

**AUDITED ANNUAL ACCOUNTS**

**2016-2017**

## **Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals GmbH**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Gujarat Fluorochemicals GmbH** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the Ind AS financial statements")

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's management is responsible for the preparation of the Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act").

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Ind AS financial statements based on our audit.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Ind AS financial statements.

**Independent Auditor's Report to the members of Gujarat Fluorochemicals GmbH on the Ind AS Financial Statements for the year ended 31st March, 2017 (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India Including the Ind AS, of the financial position of the Company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

M Y Kulkarni  
Partner  
Membership No. 035524

Place: Pune  
Date: 26th May, 2017

**Gujarat Fluorochemicals GmbH**  
**Balance Sheet as at 31st March, 2017**

(Amount in Rs.)

Particulars	Notes	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant & equipment	6	15,41,353	12,23,555	13,23,086
(b) Income tax assets (net)	7	67,75,494	3,20,75,882	2,17,75,737
<b>Sub-total</b>		<b>83,16,847</b>	<b>3,32,99,437</b>	<b>2,30,98,823</b>
<b>(2) Current Assets</b>				
(a) Inventories	8	25,66,03,415	32,87,87,690	41,58,81,361
(b) Financial assets				
(i) Trade receivables	9	23,58,85,813	22,30,38,849	15,60,20,957
(ii) Cash & cash equivalents	10	88,61,329	14,65,781	57,12,694
(iii) Loans	11	11,36,786	79,06,752	1,37,52,320
(iv) Other financial assets	12	1,18,48,556	3,00,54,691	1,75,13,506
(c) Other current assets	13	8,68,036	-	10,73,946
<b>Sub-total</b>		<b>51,52,03,935</b>	<b>59,12,53,763</b>	<b>60,99,54,784</b>
<b>Total Assets</b>		<b>52,35,20,782</b>	<b>62,45,53,200</b>	<b>63,30,53,607</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	14	21,81,875	21,81,875	21,81,875
(b) Other equity	15	2,74,52,238	2,45,90,420	5,73,24,256
<b>Sub-total</b>		<b>2,96,34,113</b>	<b>2,67,72,295</b>	<b>5,95,06,131</b>
<b>LIABILITIES</b>				
<b>(1) Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	16	49,05,02,071	59,50,23,624	57,15,30,821
(ii) Other financial liabilities	17	30,26,342	23,13,611	19,20,228
(b) Other current liabilities	18	3,58,256	4,43,670	96,427
<b>Sub-total</b>		<b>49,38,86,669</b>	<b>59,77,80,905</b>	<b>57,35,47,476</b>
<b>Total Equity &amp; Liabilities</b>		<b>52,35,20,782</b>	<b>62,45,53,200</b>	<b>63,30,53,607</b>
<b>The accompanying notes are an integral part of the financial statements</b>				

As per our report of even date attached  
**For PATANKAR & ASSOCIATES**  
Chartered Accountants

**For GUJARAT FLUOROchemicals GmbH**

**M.Y.Kulkarni**  
Partner

**Satish Kakade**  
Managing Director

Place: Pune  
Dated: 26th May, 2017

Place: Noida  
Dated: 26th May, 2017

**Gujarat Fluorochemicals GmbH****Statement of Profit and Loss for the year ended 31st March, 2017****(Amount in Rs.)**

Particulars		Notes	2016-2017	2015-2016
<b>Revenue</b>				
I	Revenue from operations	19	1,30,77,58,763	1,17,94,92,956
II	Other income	20	34,593	7,36,793
III	<b>Total Revenue (I+II)</b>		<b>1,30,77,93,356</b>	<b>1,18,02,29,749</b>
<b>IV Expenses</b>				
	Purchases of stock-in-trade	21	1,15,72,92,972	1,00,48,05,184
	Changes in inventory of stock-in-trade	22	4,85,46,072	7,30,75,978
	Employee benefits expense	23	2,95,12,048	2,50,23,812
	Depreciation and amortisation expense	24	3,13,866	2,61,886
	Other expenses	25	6,41,74,897	4,62,17,935
	<b>Total expenses (IV)</b>		<b>1,29,98,39,855</b>	<b>1,14,93,84,795</b>
V	<b>Profit before tax (III - IV)</b>		<b>79,53,501</b>	<b>3,08,44,954</b>
VI	Tax expense	26		
	Current tax		24,13,169	1,04,12,565
			<b>24,13,169</b>	<b>1,04,12,565</b>
VII	<b>Profit for the year (V-VI)</b>		<b>55,40,332</b>	<b>2,04,32,389</b>
VIII	<b>Other comprehensive income</b>			
	Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		(26,78,514)	(5,31,66,225)
	<b>Total other comprehensive income</b>		<b>(26,78,514)</b>	<b>(5,31,66,225)</b>
IX	<b>Total comprehensive income for the year (VII+VIII)</b>		<b>28,61,818</b>	<b>(3,27,33,836)</b>

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

As per our report of even date attached

**For PATANKAR & ASSOCIATES**

Chartered Accountants

**For GUJARAT FLUOROchemicals GmbH****M.Y.Kulkarni**

Partner

**Satish Kakade**

Managing Director

Place: Pune

Dated: 26th May, 2017

Place: Noida

Dated: 26th May, 2017

**Gujarat Fluorochemicals GmbH****Statement of changes in equity for the year ended 31st March, 2017**

<b>A. Equity share capital</b>	<b>(Amount in Rs.)</b>
<b>Balance at 1st April, 2015</b>	21,81,875
Changes in equity share capital during the year	-
<b>Balance at 31st March, 2016</b>	<b>21,81,875</b>
Changes in equity share capital during the year	-
<b>Balance at 31st March, 2017</b>	<b>21,81,875</b>

<b>B. Other Equity</b>	<b>(Amount in Rs.)</b>		
	<b>Reserves &amp; Surplus</b>	<b>Other comprehensive income</b>	<b>Total</b>
	<b>Retained Earnings</b>	<b>Foreign currency translation reserve</b>	
<b>Balance at 1st April, 2015</b>	<b>(47,22,908)</b>	<b>6,20,47,164</b>	<b>5,73,24,256</b>
Additions			
Profit for the year	2,04,32,389	-	2,04,32,389
Other comprehensive income for the year	-	(5,31,66,225)	(5,31,66,225)
Total comprehensive income for the year	2,04,32,389	(5,31,66,225)	(3,27,33,836)
<b>Balance at 31st March, 2016</b>	<b>1,57,09,481</b>	<b>88,80,939</b>	<b>2,45,90,420</b>
Additions			
Profit for the year	55,40,332		55,40,332
Other comprehensive income for the year		(26,78,514)	(26,78,514)
Total comprehensive income for the year	55,40,332	(26,78,514)	28,61,818
<b>Balance at 31st March, 2017</b>	<b>2,12,49,813</b>	<b>62,02,425</b>	<b>2,74,52,238</b>

As per our report of even date attached

**For PATANKAR & ASSOCIATES**

Chartered Accountants

**For GUJARAT FLUOROCHEMICALS GmbH****M.Y.Kulkarni**

Partner

**Satish Kakade**

Managing Director

Place: Pune

Dated: 26th May, 2017

Place: Noida

Dated: 26th May, 2017

## Gujarat Fluorochemicals GmbH

Statement of Cash Flows for the year ended 31st March, 2017

(Amount in Rs.)

	2016-2017	2015-2016
<b>A Cash flow from operating activities</b>		
Profit for the year	55,40,332	2,04,32,389
Adjustments for :		
Tax expense	24,13,169	1,04,12,565
Depreciation	3,13,866	2,61,886
Liabilities and provisions no longer required, written back	(11,271)	(7,36,793)
Allowance for doubtful trade receivables	-	66,744
Exchange difference on translation of assets and liabilities	(25,80,131)	(5,33,95,324)
<i>Operating profit/(loss) before working capital changes</i>	56,75,965	(2,29,58,533)
Adjustments for :		
(Increase)/decrease in trade receivables	(1,28,46,964)	(6,70,17,892)
(Increase)/decrease in inventories	7,21,84,275	8,70,93,671
(Increase)/decrease in loans	67,69,966	58,45,568
(Increase)/decrease in other current financial assets	1,82,06,135	(1,25,41,185)
(Increase)/decrease in other current assets	(8,68,036)	10,73,946
Increase/(decrease) in trade payables	(10,45,10,282)	2,42,29,596
Increase/(decrease) in other current financial liabilities	7,12,731	3,93,383
Increase/(decrease) in other current liabilities	(85,414)	3,47,243
Cash generated from/(used in) operations	(1,47,61,624)	1,64,65,797
Income tax paid/(refund) (net)	2,28,87,219	(2,07,12,710)
<b>Net cash generated from/(used in) operating activities</b>	81,25,595	(42,46,913)
<b>B Cash flow from investing activities</b>		
Purchase of property, plant & equipment	(7,30,047)	-
<b>Net cash used in investing activities</b>	(7,30,047)	-
<b>C Net increase/(decrease) in cash and cash equivalents</b>	73,95,548	(42,46,913)
Cash and cash equivalents as at the beginning of the year	14,65,781	57,12,694
Cash and cash equivalents as at the end of the year	88,61,329	14,65,781
Notes:		
1) Components of cash and cash equivalents are as per Note 10		
2) The above statement of cash flows has been prepared under the indirect method.		
3) The accompanying notes are an integral part of the financial statements		

As per our report of even date attached

For PATANKAR & ASSOCIATES

Chartered Accountants

For GUJARAT FLUOROchemicals GmbH

M.Y.Kulkarni

Partner

Satish Kakade

Managing Director

Place: Pune

Dated: 26th May, 2017

Place: Noida

Dated: 26th May, 2017

## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

#### **1. Company information**

Gujarat Fluorochemicals GmbH (“the Company”) is incorporated in Germany on 6th September, 2013 and is a wholly-owned subsidiary of Gujarat Fluorochemicals Limited, India. The Company is engaged in trading of polymers compounds, especially Post Treated Polytetrafluorethylene (PT-PTFE). The activities of the Company are in Europe.

The Company’s registered office is located at 6th Floor, Regus Business Centre, Am Kaiserkai 1, 20457 Hamburg, Germany.

#### **2. Statement of compliance and basis of preparation and presentation**

##### **2.1 Statement of Compliance**

These financial statements have been prepared by the Company in accordance with Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act, 2013 (“the Act”), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited, India, as required by the provisions of the Act.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (‘Previous GAAP’). These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer Note 4 for the details of mandatory exceptions and optional exemptions on first-time adoption availed by the Company.

##### **2.2 Basis of Measurement**

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

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

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

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

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



**Notes to the financial statements for the year ended 31st March, 2017**

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

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

**2.3 Basis of Preparation and Presentation**

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'.

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

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

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

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months.

These financial statements were authorized for issue by the Company's Management on 26th May, 2017.

**3. Significant Accounting Polices**

**3.1 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably. Revenue is net of returns and is reduced for rebates, trade discounts, refunds and other similar allowances. Revenue is net of value added tax.

**3.1.1 Sale of goods**

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is recognised, when the significant risks and rewards of the ownership have been transferred to the buyers and there is no continuing effective control over the goods or managerial involvement with the goods. Revenue from sale of chemical products is generally recognised at the time of dispatch.

## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

#### **3.1.2 Other income**

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

#### **3.2 Foreign currency translation and transaction**

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

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

#### **3.3 Employee benefits**

##### **3.3.1 Retirement benefit costs**

Recognition and measurement of defined contribution plans:

Payments to defined contribution retirement benefit plan viz. employer's contribution to social security tax, are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company presents the component of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

##### **3.3.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

#### **3.4 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### **3.4.1 Current tax**

The tax currently payable is based on taxable profit for the year computed in accordance with the provisions of the German tax laws. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible and tax incentives. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Notes to the financial statements for the year ended 31st March, 2017**

**3.4.2 Deferred tax**

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

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

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

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

**3.4.3 Presentation of current and deferred tax :**

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

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

**3.5 Property, plant and equipment**

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

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

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

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

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

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

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

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

- Plant and Equipment 8 years
- Furniture and Fixtures 10 years
- Computers 3 years
- Office Equipment 5 years

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

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

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

### 3.6 Impairment of tangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to measure fair value less cost of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement dates under market conditions, the asset's value in use is used as recoverable amount.

**Notes to the financial statements for the year ended 31st March, 2017**

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

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

**3.7 Inventories**

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

**3.8 Provisions and contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**3.9 Financial instruments**

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

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### A] Financial assets

##### a) Initial recognition and measurement:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

##### b) Effective interest method

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

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

##### c) Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

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

##### **i. Financial assets measured at amortized cost:**

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

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

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

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

##### **ii. Financial assets measured at FVTOCI:**

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

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

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

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

This category does not apply to any of the financial assets of the Company.

#### **iii. Financial assets measured at FVTPL:**

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

This category does not apply to any of the financial assets of the Company.

#### **d) Foreign exchange gains and losses:**

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

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

#### **e) Derecognition:**

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

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

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

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

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

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

#### **f) Impairment of financial assets:**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

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

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

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

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



## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

#### **B] Financial liabilities and equity instruments**

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

##### **i. Equity instruments:-**

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

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

##### **ii. Financial Liabilities:-**

###### **a) Initial recognition and measurement :**

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

###### **b) Subsequent measurement:**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the company, and commitments issued by the company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

The Company has not designated any financial liability as at FVTPL other than derivative instrument. Further the Company does not have any commitments to provide a loan at a below market interest rate.

###### **c) Foreign exchange gains and losses:**

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

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

###### **d) Derecognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is

## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

#### **3.10 Recent accounting pronouncements**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendment is applicable to the Company from 1st April, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

#### **4. First-time adoption – mandatory exceptions and optional exemptions**

These Ind AS financial statements have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date.

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31st March, 2017 and the comparative information. Transition from previous GAAP to Ind AS has not affected the Company's Balance Sheet, and Statement of Profit and Loss. There was no reconciliation for Cash Flow Statement under IGAAP and Ind AS. Accordingly, reconciliation statements in accordance with Ind AS 101 have not been presented.

The Company has availed certain mandatory exceptions and optional exemptions allowed by Ind AS 101 as detailed below:

##### **I. Optional exemptions from retrospective application:**

###### **a) Deemed cost for property, plant and equipment**

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

##### **II. Mandatory exceptions from retrospective application**

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

#### **a) Estimates:**

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

#### **b) Classification and measurement of financial assets:**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

#### **c) Impairment of financial assets:**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

#### **d) Derecognition of financial assets and financial liabilities:**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

### **5. Critical accounting judgements and use of estimates**

In application of Company's accounting policies, which are described in Note 3, the management of the Company are required to make judgements, estimations and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

#### **a) Useful lives of Property, Plant & Equipment (PPE)**

The Company has adopted useful lives of PPE as described in Note 3.5 above. The Company reviews the estimated useful lives of PPE at the end of each reporting period.

#### **b) Fair value measurements and valuation processes**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above.

## **Gujarat Fluorochemicals GmbH**

### **Notes to the financial statements for the year ended 31st March, 2017**

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Where necessary, the Company engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair values of various assets and liabilities are disclosed in Note 29.

#### **c) Other assumptions and estimation uncertainties, included in respective notes are as under:**

- The Company's tax jurisdiction is Germany. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax claims.
- Impairment of financial assets – see Note 29.

## Gujarat Fluorochemicals GmbH

Notes to the financial statements for the year ended 31st March, 2017

### 6: Property, plant & equipment

(Amount in Rs.)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Carrying amount of:</b>			
Plant and equipments	8,72,918	11,22,746	11,54,571
Office equipment	5,93,643	1,00,809	1,68,515
Furniture & fixtures	74,792	-	-
	<b>15,41,353</b>	<b>12,23,555</b>	<b>13,23,086</b>

(Amount in Rs.)

	Plant and equipments	Office Equipment	Furniture & Fixtures	Total
<b>I. Cost or Deemed Cost</b>				
<b>Balance as at 1st April, 2015</b>	<b>11,54,571</b>	<b>1,68,515</b>	-	<b>13,23,086</b>
Effect of foreign currency translation differences	1,41,677	20,678	-	<b>1,62,355</b>
<b>Balance as at 31st March, 2016</b>	<b>12,96,248</b>	<b>1,89,193</b>	-	<b>14,85,441</b>
Additions		6,55,173	74,874	<b>7,30,047</b>
Effect of foreign currency translation differences	(1,04,228)	(15,213)	-	<b>(1,19,441)</b>
<b>Balance as at 31st March, 2017</b>	<b>11,92,020</b>	<b>8,29,153</b>	<b>74,874</b>	<b>20,96,047</b>

(Amount in Rs.)

	Plant and equipments	Office Equipment	Furniture & Fixtures	Total
<b>II. Accumulated depreciation</b>				
<b>Balance as at 1st April, 2015</b>	-	-	-	-
Depreciation expense	1,73,502	88,384	-	<b>2,61,886</b>
<b>Balance as at 31st March, 2016</b>	<b>1,73,502</b>	<b>88,384</b>	-	<b>2,61,886</b>
Depreciation expense	1,59,551	1,54,233	82	<b>3,13,866</b>
Effect of foreign currency translation differences	(13,951)	(7,107)	-	<b>(21,058)</b>
<b>Balance as at 31st March, 2017</b>	<b>3,19,102</b>	<b>2,35,510</b>	<b>82</b>	<b>5,54,694</b>

(Amount in Rs.)

	Plant and equipments	Office Equipment	Furniture & Fixtures	Total
<b>III. Net carrying amount</b>				
Balance as at 1st April, 2015	11,54,571	1,68,515	-	<b>13,23,086</b>
Balance as at 31st March, 2016	11,22,746	1,00,809	-	<b>12,23,555</b>
Balance as at 31st March, 2017	8,72,918	5,93,643	74,792	<b>15,41,353</b>

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 7: Income tax assets (net) (Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Income tax paid (net)	67,75,494	3,20,75,882	2,17,75,737
<b>Total</b>	<b>67,75,494</b>	<b>3,20,75,882</b>	<b>2,17,75,737</b>

#### 8: Inventories

(at lower of cost and net realizable value)

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Stock-in-trade	25,66,03,415	32,87,87,690	41,58,81,361
	<b>25,66,03,415</b>	<b>32,87,87,690</b>	<b>41,58,81,361</b>

The cost of inventories recognised as an expense includes Rs.22,42,740 (during FY 2015-16: Rs.Nil) in respect of write downs of inventory to net realisable value.

The mode of valuation of inventories has been stated in note 3.7

#### 9: Trade receivables

(Unsecured)

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
<b>Current</b>			
Considered good	23,58,85,813	22,30,38,849	15,60,20,957
Considered doubtful	6,10,659	6,10,659	5,43,915
	23,64,96,472	22,36,49,508	15,65,64,872
Allowance for doubtful trade receivables	(6,10,659)	(6,10,659)	(5,43,915)
	<b>23,58,85,813</b>	<b>22,30,38,849</b>	<b>15,60,20,957</b>

#### 10: Cash & cash equivalents

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Balances with banks - in current accounts	88,61,329	14,65,781	57,12,694
	<b>88,61,329</b>	<b>14,65,781</b>	<b>57,12,694</b>

## Gujarat Fluorochemicals GmbH

Notes to the financial statements for the year ended 31st March, 2017

### 11: Loans

(Unsecured, considered good)

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Security deposits	11,36,786	79,06,752	1,37,52,320
	<b>11,36,786</b>	<b>79,06,752</b>	<b>1,37,52,320</b>

### 12: Other current financial assets

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
VAT refund claimed	93,98,496	2,99,29,593	1,75,13,506
Employee advances	11,32,564	87,403	-
Other receivable	13,17,496	37,695	-
	<b>1,18,48,556</b>	<b>3,00,54,691</b>	<b>1,75,13,506</b>

### 13: Other current assets

(Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Prepaid expenses	8,68,036	-	10,73,946
	<b>8,68,036</b>	<b>-</b>	<b>10,73,946</b>

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

Particulars	(Amount in Rs.)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital contribution at par value	21,81,875	21,81,875	21,81,875
	<u>21,81,875</u>	<u>21,81,875</u>	<u>21,81,875</u>

#### a) Reconciliation of shares outstanding at the beginning and at the end of the year

<b>As at 31st March, 2017</b>	<b>(Amount in Rs.)</b>
At the beginning of the year	21,81,875
Add : Issued during the year	-
<b>At the end of the year</b>	<u><b>21,81,875</b></u>
<b>As at 31st March, 2016</b>	<b>(Amount in Rs.)</b>
At the beginning of the year	21,81,875
Add : Issued during the year	-
<b>At the end of the year</b>	<u><b>21,81,875</b></u>
<b>As at 1st April, 2015</b>	<b>(Amount in Rs.)</b>
At the beginning of the year	21,81,875
Add : Issued during the year	-
<b>At the end of the year</b>	<u><b>21,81,875</b></u>

#### b) Terms/rights attached to equity shares

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

#### c) Shares held by holding company

<b>As at 31st March, 2017</b>	<b>(Amount in Rs.)</b>
Gujarat Fluorochemicals Limited, India	21,81,875
<b>As at 31st March, 2016</b>	
Gujarat Fluorochemicals Limited, India	21,81,875
<b>As at 1st April, 2015</b>	
Gujarat Fluorochemicals Limited, India	21,81,875

#### d) Details of shareholders holding more than 5% shares in the Company

<b>As at 31st March, 2017</b>	<b>(Amount in Rs.)</b>	<b>Holding %</b>
Gujarat Fluorochemicals Limited, India	21,81,875	100.00%
<b>As at 31st March, 2016</b>		
Gujarat Fluorochemicals Limited, India	21,81,875	100.00%
<b>As at 1st April, 2015</b>		
Gujarat Fluorochemicals Limited, India	21,81,875	100.00%



## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 15: Other Equity (Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Foreign currency translation reserve	62,02,425	88,80,939	6,20,47,164
Retained earnings	2,12,49,813	1,57,09,481	(47,22,908)
	<b>2,74,52,238</b>	<b>2,45,90,420</b>	<b>5,73,24,256</b>

#### a) Foreign currency translation reserve

Balance at the beginning of the year	88,80,939	6,20,47,164
Movement during the year	(26,78,514)	(5,31,66,225)
<b>Balance as at the end of the year</b>	<b>62,02,425</b>	<b>88,80,939</b>

Foreign currency translation reserve is on account of translation of assets and liabilities from functional to presentation currency - refer Note 2.2

#### b) Retained earnings

Balance at the beginning of the year	1,57,09,481	(47,22,908)
Profit for the Year	55,40,332	2,04,32,389
<b>Balance as at the end of the year</b>	<b>2,12,49,813</b>	<b>1,57,09,481</b>

#### 16: Trade payables (Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Trade payables	49,05,02,071	59,50,23,624	57,15,30,821
	<b>49,05,02,071</b>	<b>59,50,23,624</b>	<b>57,15,30,821</b>

#### 17: Other current financial liabilities

(measured at amortized cost)

#### (Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Expenses payable	30,26,342	23,13,611	19,20,228
	<b>30,26,342</b>	<b>23,13,611</b>	<b>19,20,228</b>

#### 18: Other current liabilities

#### (Amount in Rs.)

Particulars	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April, 2015
Advances from customers	3,58,256	4,43,670	96,427
	<b>3,58,256</b>	<b>4,43,670</b>	<b>96,427</b>

**Gujarat Fluorochemicals GmbH**

Notes to the financial statements for the year ended 31st March, 2017

<b>19: Revenue from operations</b>		<b>(Amount in Rs.)</b>	
<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>	
Sale of products	1,30,77,58,763	1,17,94,92,956	
	<b>1,30,77,58,763</b>	<b>1,17,94,92,956</b>	

<b>20: Other income</b>		<b>(Amount in Rs.)</b>	
<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>	
Interest - VAT refunds	23,322	-	
Liabilities and provisions no longer required, written back	11,271	7,36,793	
	<b>34,593</b>	<b>7,36,793</b>	

<b>21: Purchases of stock-in-trade</b>		<b>(Amount in Rs.)</b>	
<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>	
Purchases of stock-in-trade	1,15,72,92,972	1,00,48,05,184	
	<b>1,15,72,92,972</b>	<b>1,00,48,05,184</b>	

<b>22: Changes in inventory of stock-in-trade</b>		<b>(Amount in Rs.)</b>	
<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>	
Opening stock			
Stock-in-trade - PT-PTFE	32,87,87,690	41,58,81,361	
Closing stock			
Stock-in-trade - PT-PTFE	25,66,03,415	32,87,87,690	
<b>Subtotal</b>	<b>7,21,84,275</b>	<b>8,70,93,671</b>	
Effect of changes in exchange currency rates	(2,36,38,203)	(1,40,17,693)	
<b>Net (Increase) / Decrease In Stock</b>	<b>4,85,46,072</b>	<b>7,30,75,978</b>	

## Gujarat Fluorochemicals GmbH

Notes to the financial statements for the year ended 31st March, 2017

### 23: Employee benefits expense (Amount in Rs.)

Particulars	2016-2017	2015-2016
Salaries and wages	2,57,59,009	2,20,39,419
Contribution to employee benefit plans	37,21,322	29,24,018
Staff welfare	31,717	60,375
	<b>2,95,12,048</b>	<b>2,50,23,812</b>

### 24: Depreciation and amortisation expense (Amount in Rs.)

Particulars	2016-2017	2015-2016
Depreciation on property, plant & equipment	3,13,866	2,61,886
	<b>3,13,866</b>	<b>2,61,886</b>

### 25: Other expenses (Amount in Rs.)

Particulars	2016-2017	2015-2016
Freight	2,95,49,472	2,32,58,268
Insurance	3,12,770	-
Rent	20,47,388	21,14,906
Lease rentals and hire charges	7,96,905	-
Travelling and conveyance	79,82,148	80,14,770
Communication expenses	9,23,188	9,14,769
Legal and professional fees and expenses	54,01,568	27,58,218
Stores and spares consumed	8,78,602	6,82,033
Commission	34,51,956	-
Rates and taxes	67,119	4,56,864
Net loss on foreign currency translation and transactions	13,40,720	3,74,675
Miscellaneous expenses	1,14,23,061	76,43,432
	<b>6,41,74,897</b>	<b>4,62,17,935</b>

## Gujarat Fluorochemicals GmbH

Notes to the financial statements for the year ended 31st March, 2017

<b>26: Tax expense</b>	<b>(Amount in Rs.)</b>	
<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>
<b>Current tax:</b>		
In respect of current year	24,13,169	1,04,12,565
	<u>24,13,169</u>	<u>1,04,12,565</u>
 <b>a) The income tax expense for the year can be reconciled to the accounting profit as follows</b>		
Profit before tax	79,53,501	3,08,44,954
Income tax using Company's domestic tax rate #	25,66,992	99,55,209
On account of foreign exchange translation	<u>(1,53,823)</u>	<u>4,57,356</u>
	24,13,169	1,04,12,565
 Income tax recognised in P&L	 <u>24,13,169</u>	 <u>1,04,12,565</u>

# The tax rate used for 2016-17 & 2015-16, in reconciliation above is Income Tax rate of 15.825% and Trade Tax rate of 16.45%, as per German Tax laws.

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 27 Segment information

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on single business segment of trading of polymers compounds, especially Post Treated Polytetrafluoroethylene (PT-PTFE) Compounds i.e. chemical segment. Hence the Company is having only one reportable business segment under Ind AS 108 : Operating segment. Further, most of the activities of the Company are in Europe with an insignificant portion in other parts of the world. The information is further analysed based on the different classes of products.

27.1 Revenue from major products		(Amount in Rs.)	
Particulars	2016-17	2015-16	
Poly Tetrafluoroethylene (PTFE)	1,30,41,67,747	1,17,92,12,081	
Other products	35,91,016	2,80,875	
<b>Total</b>	<b>1,30,77,58,763</b>	<b>1,17,94,92,956</b>	

#### 27.2 Geographical information

The Company's revenue from external customers by location of operations are detailed below		(Amount in Rs.)	
Particulars	2016-17	2015-16	
Europe	1,30,66,69,914	1,17,94,92,956	
Rest of the World	10,88,849	-	
<b>Total</b>	<b>1,30,77,58,763</b>	<b>1,17,94,92,956</b>	

#### 27.3 Information about major customers

Included in the above, revenue from two customers contributing more than 10% of the Company's revenue totalling to Rs. 26,02,31,449 (year ended 31st March, 2016: Rs. 23,75,28,879).

#### 28 Employee benefits:

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

Contribution to Social Security Tax - Employer Contribution of Rs 34,07,562 (previous year Rs 26,43,074) is recognised as an expense and included in "Contribution to employee benefit plans" in statement of profit and loss.

Contribution to Workmen's Compensation Insurance of Rs 1,46,444 (previous year Rs 20,744) is recognised as an expense and included in "Contribution to employee benefit plans" in statement of profit and loss.

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 29 Financial Instruments:

##### 29.1 Capital Management

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

##### 29.2 Categories of financial instruments

(Amount in Rs.)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>a) Financial assets</b>				
<b>Measured at amortised cost</b>				
(a) Cash & Cash Equivalents	10	88,61,329	14,65,781	57,12,694
(b) Other financial assets at amortised cost				
(i) Trade Receivables	9	23,58,85,813	22,30,38,849	15,60,20,957
(ii) Current loan	11	11,36,786	79,06,752	1,37,52,320
Other current financial assets	12	1,18,48,556	3,00,54,691	1,75,13,506
<b>b) Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Trade Payables	16	49,05,02,071	59,50,23,624	57,15,30,821
Other current financial liabilities	17	30,26,342	23,13,611	19,20,228

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

##### 29.3 Financial risk management objectives

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

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

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 29.4 Foreign Currency Risk Management

The Company is subject to the risk that changes in foreign currency values mainly on account of exports. Exchange rate exposures are managed within approved policy parameters by entering in to foreign currency forward contracts, options and swaps, whenever required.

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

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

Particulars	(Amount in Rs.)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Assets</b>			
Trade Receivable			
INR equivalent of USD	1,71,27,534	92,52,873	2,99,30,750
Trade Receivable			
INR equivalent of GBP	2,57,73,676	3,32,34,563	1,09,00,107

#### 29.5 Foreign Currency Sensitivity Analysis

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

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

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

Particulars	(Amount in Rs.)		
	US Dollar Impact (net of tax)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Impact on profit or loss for the year	(11,59,962)	(6,26,651)	(20,27,060)
Impact on total equity as at the end of the reporting period	(11,59,962)	(6,26,651)	(20,27,060)

Particulars	(Amount in Rs.)		
	GBP Impact (net of tax)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Impact on profit or loss for the year	(17,45,522)	(22,50,811)	(7,38,210)
Impact on total equity as at the end of the reporting period	(17,45,522)	(22,50,811)	(7,38,210)

## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 29.6 Credit Risk Management

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

##### a) Trade receivables

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 90 days. The concentration of credit risk is limited due to the fact that the customer base is large and diverse. There are 6 customers representing more than 5% of the total balance of trade receivables as on 31st March, 2017, amounting to Rs 11,76,55,700 (8 customers amounting to Rs 11,86,13,153 as on 31st March, 2016, 7 customers amounting to Rs 9,22,43,726 as on 1st April, 2015). All trade receivables are reviewed and assessed for default on a quarterly basis.

The Company has made full allowance for receivables over 365 days on the basis of historical experience

Age of receivables	(Amount in Rs.)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
less than 6 Month	23,58,85,813	22,30,38,849	15,60,20,957
6 months to 1 Year	-	-	-
1-2 Years	-	-	5,43,915
2-3 Years	-	6,10,659	-
> 3years	6,10,659	-	-
	<b>23,64,96,472</b>	<b>22,36,49,508</b>	<b>15,65,64,872</b>

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

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

#### 29.7 Liquidity Risk Management

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



## Gujarat Fluorochemicals GmbH

### Notes to the financial statements for the year ended 31st March, 2017

#### 29.7.1 Liquidity and Interest risk tables

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

(Amount in Rs.)

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
	INR	INR	INR	INR
<b>As at 31st March, 2017</b>				
Trade Payables	49,05,02,071	-	-	49,05,02,071
Other Payables	30,26,342	-	-	30,26,342
<b>Total</b>	<b>49,35,28,413</b>	-	-	<b>49,35,28,413</b>
<b>As at 31st March, 2016</b>				
Trade Payables	59,50,23,624	-	-	59,50,23,624
Other Payables	23,13,611	-	-	23,13,611
<b>Total</b>	<b>59,73,37,235</b>	-	-	<b>59,73,37,235</b>
<b>As at 1st April, 2015</b>				
Trade Payables	57,15,30,821	-	-	57,15,30,821
Other Payables	19,20,228	-	-	19,20,228
<b>Total</b>	<b>57,34,51,049</b>	-	-	<b>57,34,51,049</b>

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

#### 29.8 Fair value measurements

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

## Gujarat Fluorochemicals GmbH

Notes to the financial statements for the year ended 31st March, 2017

### 30 Related Party Disclosures

#### A. Names of related parties where control exists:

- (i) Gujarat Fluorochemicals Limited, India (Holding Company)
- (ii) Inox Leasing and Finance Limited, India (Ultimate Holding Company)

#### B. Transaction during the year - with Gujarat Fluorochemicals Limited, India:

Particulars	(Amount in Rs.)		
	2016-2017	2015-2016	2014-2015
1) Transactions during the year			
a) Purchase of goods	1,10,62,24,285	93,61,53,716	
b) Purchase return	3,11,73,843	6,86,494	
c) Sale of goods	-	1,63,36,581	
d) Reimbursement of expenses paid/payments made on behalf of the Company	14,09,230	1,99,527	
2) Amount outstanding as at the end of the year			
a) Trade payable	47,89,42,023	56,02,63,156	55,31,47,212
b) Accounts receivable	14,09,230	37,697	29,29,469

As per our report of even date attached

**For PATANKAR & ASSOCIATES**

Chartered Accountants

**For GUJARAT FLUOROCHEMICALS GmbH**

**M.Y.Kulkarni**

Partner

**Satish Kakade**

Managing Director

Place: Pune

Dated: 26th May, 2017

Place: Noida

Dated: 26th May, 2017