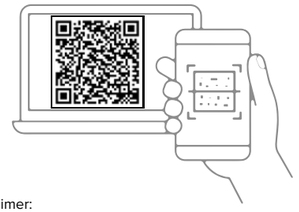
FINE ORGANICS

ANNUAL REPORT 2020-21

'FINE'TASTIC 50

FINE ORGANIC INDUSTRIES LIMITED

Please find our online version at:
https://www.fineorganics.com/investor-relations
Simply scan the QR code below to
view our previous year's Report



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

NAVIGATE THROUGH

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Investor Information

Market Capitalisation as at March 31, 2021	: ₹ 7,00,228 Lakhs
CIN	: L24119MH2002PLC136003
BSE Code	: 541557
NSE Code	: FINEORG
Bloomberg Code	: FINEORG:IN
AGM Date	: August 24, 2021
AGM Mode	: Video Conferencing

We, at Fine Organic Industries Limited ('Fine Organics' or 'We'), started our modest journey in green additivation back in 1970. Innovation has always been the driving force for Fine Organics; it not only helps us to cater the customers with advanced products; but also, enables to match the set standards consistently.

We have been in a process of continuous learning while overcoming challenges in order to reinforce our foundation and improve our capabilities.

We have leveraged the technology and our extensive distribution network for the continued progress and the remarkable global presence.

Over the last 50 years, we have been transforming through a critical assessment of our performance, redefining our standards, reshaping our outlook and refining our capabilities – standing as a testimony to our approach of making the tomorrows better than today by consistently evolving together,

FROM DOMESTIC in 1970 to Global in 2020-21

FROM 1 PRODUCT in 1970 to 450+ in 2020-21

FROM 4 EMPLOYEES in 1970 to 700+ in 2020-21

FROM 1 PLANT in 1970 to 7 in 2020-21

FROM 1 COUNTRY PRESENCE in 1970 TO 70+ in 2020-21

FROM 0 DISTRIBUTOR CHANNEL in 1970 TO 180+ in 2020-21

FROM 0 R&D TECHNICIANS in 1970 TO 18 in 2020-21

AS WE ARE PROCEEDING TO THE NEXT CHAPTER OF OUR JOURNEY TODAY, WE POSITIVELY BELIEVE THAT OUR FINE ADDITUDE TO PURSUE, GROW AND ACHIEVE WILL LAY THE FOUNDATION OF OUR NEXT MILESTONES.
THIS REPORT IS OUR TRIBUTE TO ALL THE CHERISHED MOMENTS CAPTURING THE VICTORIES, LEARNINGS AND ALL THE EXPERIENCES, WHICH MADE US 'FINE ORGANICS' THAT WE ARE TODAY.
THIS IS OUR

'FINE'TASTIC

A FINE JOURNEY OF FIVE DECADES

1970 — 2000

- Established as 'Fine Organic Industries', a partnership firm by Late Shri Ramesh Shah and Shri Prakash Kamat
- Commissioned first food additives facility in Dombivli
- Established second facility in Ambernath

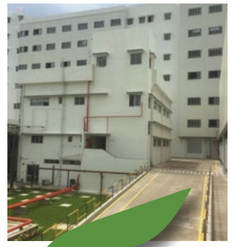
2001 — 2005

- Commissioned facility at Badlapur
- Incorporated the Company under the name of Fine Organic Industries (Mumbai) Pvt. Ltd and expanded footprint in global market
- Expanded capacity of the Badlapur facility
- Established R&D centre in Navi Mumbai

2006 — 2015

- Commissioned large manufacturing facilities in Ambernath
- Expanded capacity phase-wise in Ambernath
- Signed JV with Netherlands-based bakery premix manufacturer, Zeelandia International
- Expanded the additional capacity at Ambernath facility

2016 — 2021



- Amalgamated Fine Research and Development Centre Pvt. Ltd and Fine Specialty Surfactants Pvt. Ltd
- Initiated (IPO), got listed on BSE and NSE and commissioned new plant at Ambernath and Patalganga
- COMPLETED 50 YEARS

CHAIRMAN'S MESSAGE

This year marks the completion of our progressive journey of 50 'Fine'tastic years. The last five decades have been a reflection of our efforts to become the best-in-class Oleo-chemical based green additives Company. Our aspirations extend well beyond this achievement today. We stand by our long-standing commitment to sustainability, creating value for each and every stakeholder we engage with.

Dear Shareholders,

The year 2020 was the one that tested all assumptions: about how markets and supply chains function in an age of global interdependency; about what it means to deliver for customers, employees and communities truly; and about how companies can and should operate in a crisis.

In such a challenging environment, we have anchored ourselves to our purpose and our values. Fundamentally, we believe in enhancing our products in a safer, responsible and sustainable way.

We focused on people, who worked tirelessly through unprecedented circumstances and ensured the uninterrupted delivery of our products. The year 2020 was about the countless ways we powered through everything that came our way while taking care of people, who depend on us.

It was an exceptional year, not just from the Covid-19 standpoint; but also, from the Company's presence in the industry. While we continued concentrating on our prime focus – delivering on our commitments;– we also completed 50 years of our existence.

We had always aspired to see this blissful day and yet, this is only a part of the journey we wish to cover. We have taken the right strides in the right direction of innovation driven by passion. This approach has helped us create an extensive and potentially one of the widest product portfolios for various applications. Even as we continue strengthening our offerings, we will keep exploring newer application base and industries to venture.

Financial Highlights

During the fiscal year 2020-21, we saw a year-on-year growth in revenue of 9.3%, However Profit Before Tax and EBITDA was declined by 28% and 18.6% respectively. Our operating margin is affected mainly due to unprecedented and steep rise in prices of all major vegetable oils which are our basic Raw materials. The increase in domestic prices is basically a reflection of international prices. The rise in prices of vegetable oils are attributable to many factors such as shifting of demand from food basket to fuel basket, increase in buying by China, labour issues due to lockdowns in Indonesia and Malaysia, Climatical impact on soya producing areas and imposing of import duties on palm oil in India etc. Despite these challenges, Your Company is focused on maintaining the growth momentum and delivering value.

Operational Highlights

The year started on a low note with pandemic-led lockdowns. The first two quarters took a hit in overall demand due to the temporary closure of economic activities resulting in low sales. The phased unlocking played its role in uplifting the consumer spirit and boosting their confidence. And thus, it revived the demand across industries and helped in gradually resuming the sales.

The pandemic impacted our expansion plans; however, we could manage to operationalise the first phase of Patalganga facility that caters to the growing demand from food industry. We have also formed Joint Venture Company in Thailand which will help us in expanding our product basket and further strengthening of our global presence.

India's Chemical Growth story

The production of sustainable, bio-based chemicals has increased as consumers have become well-versed with the environmental and cost benefits that Oleochemicals can provide over the other chemical classes with numerous concerns. Although, in India, the awareness and acceptance of Oleochemical-based green additives is in preliminary state, it will promisingly continue to grow over the years, driven by an increasing shift from other harmful chemistries to more benign and safe chemistry. Green additives, being 100% safe and plant-derived, are catching up across diverse industries such as food & beverages, feed nutrition, polymers, cosmetics, pharmaceuticals, personal care and coatings among others. We continue to remain optimistic about the global opportunities and are confident of capturing the same with the help of R&D expertise, in-house manufacturing capabilities and well-nurtured customer relationships. Our sustainable business operations and green approach remarkably add to these trust factors appealing the customers to consider us as a preferred additive supplier.

Environmental, Social, Governance (ESG)

The year was one-of-its-kind; yet it helped in establishing us as a Company of commitments. As a responsible corporate citizen, we have always had a sharp focus on the ESG. We are convinced that companies, which act responsibly and create value for the society can be truly successful in the long term. Our products and solutions help our customers meet their sustainability goals and position themselves for the future demanding the relevant sustainable solutions.

Our employees continued fulfilling their duty diligently, and we ensured to appreciate their hard work with no salary cuts or reduction in the workforce. We extended our health and insurance policies, along with the financial assistance, to build a sense of security and belonging to the Fine Organics family. We earnestly recognise our role in uplifting the lives of communities, which we operate in and we will continue to do so in the inspiring future times as well. We understand our duty towards these key parameters, which encompasse all the tenets of our business.

Closing note

We are ready to enter our next phase of growth with an innate sense of gratitude for the 'Fine'tastic 50 years we have had so far. These past decades have taught us that we can always achieve more tomorrow than we can today through consistent efforts and dedication to improvement. Last year was one such year, when we were re-introduced to the significance of resilience.

We faced the adversities head on and proud to say that we, not just survived but thrived based on the strength we received from our core values and belief; more importantly from the trust along with the kind support of our stakeholders, customers and associates.

We are grateful to our employees, customers and other stakeholders, who have enriched us, helped us to excel and achieve more. Together with their undeterred support, we are confident to take on the challenge of our future journey focusing on areas that matter the most.

Best wishes,

Prakash Kamat

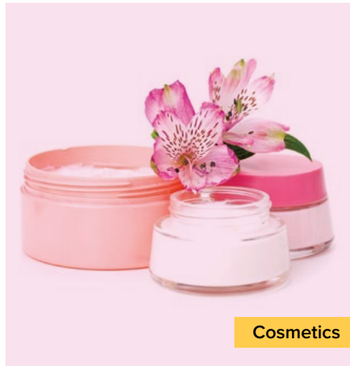
Chairman and Executive Director

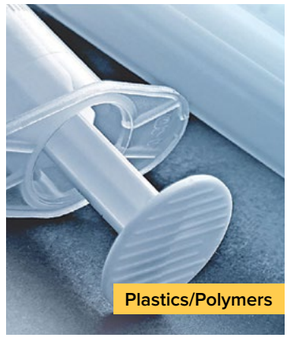
FINE ORGANICS

50 FINE YEARS AS A LEADING GREEN ADDITIVES PRODUCER

Fine Organics is well-recognized to be in the India's largest and among the few leading global oleochemical based green additives manufacturers. Through our unique range of products, we touch the lives of millions in more ways than one. We have carved a niche for ourselves through process and technology development, underpinned by our robust research and development capabilities. Our in-house competencies of developing indigenous plant design facilitate manufacturing products that make a remarkable difference in the product performance.

We manufacture specialty green additives for diverse applications:





PRODUCTS	450+
EMPLOYEE STRENGTH	700+
PRESENCE IN COUNTRIES	70+
SCIENTISTS AND TECHNICIANS	18
GLOBAL DISTRIBUTION NETWORK	180+
WOMEN EMPLOYEES	>15%
DIRECT CUSTOMERS	750+
END CONSUMERS	5,000+
GLOBAL SALES OFFICES AND WAREHOUSES	USA & Europe

As on March 31, 2021

Vision

To become a preferred supplier of Oleochemical based green additives globally.

Values

Integrity

To display trust, responsibility and accountability in building lasting relationships with customers and stakeholders.

Execution Excellence

To demonstrate pride, passion, and professionalism.

Customer-First

To anticipate and fulfil customer needs.

Entrepreneurial Thinking

To convert unconventional ideas into action with positive impact.

Mission

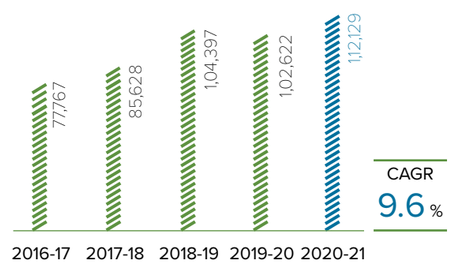
- To use our expertise in Oleochemistry and build a compelling portfolio of specialty green additives and ingredients
- To expand a state-of-the-art infrastructure for research and manufacturing
- To develop a lean, empowered team that is aligned with the organisation's core values

A Fine Additude

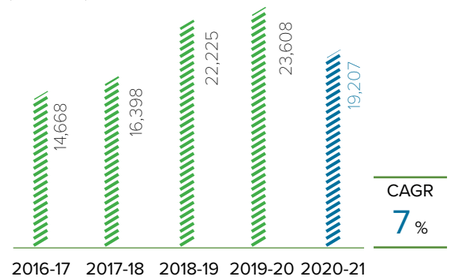
FINE ORGANICS

FINE PERFORMANCE-YEAR ON YEAR

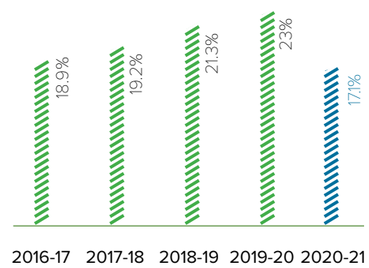
Revenue from Operations
(₹ in lakhs)



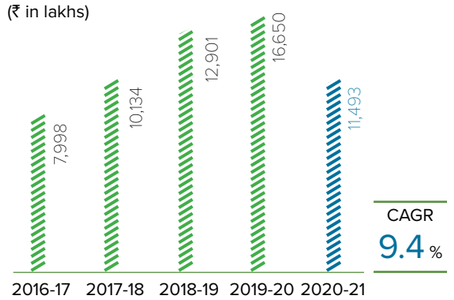
EBITDA
(₹ in lakhs)



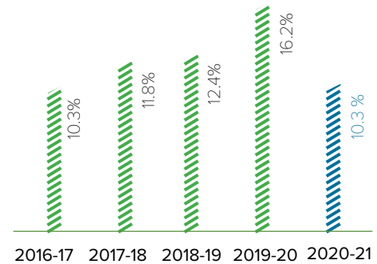
EBITDA Margin
(in %)



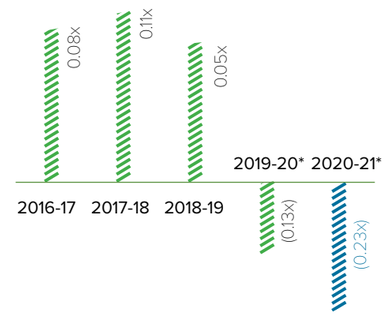
PAT
(₹ in lakhs)



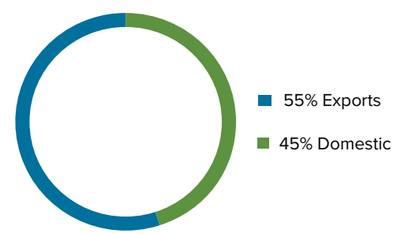
PAT Margin
(in %)



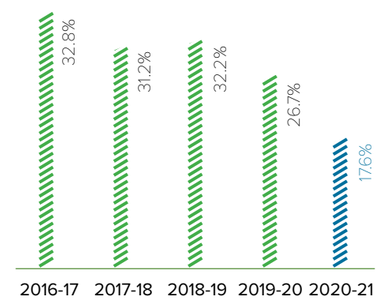
Debt : Equity
(x)



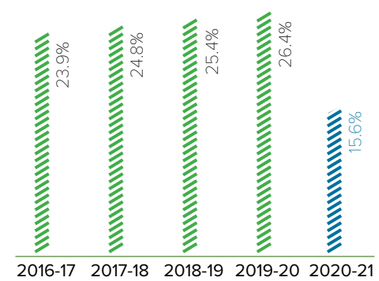
Revenue Distribution in 2020-21
(in %)



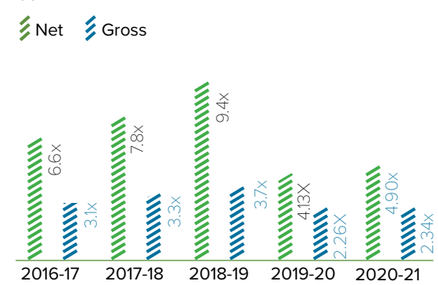
RoCE (in %)



Return on Net Worth
(in %)



Fixed Asset Turnover
(x)

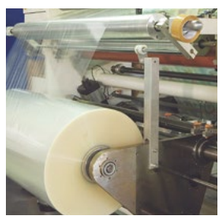


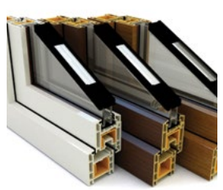
EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortisation less other Non-Operating Income
PAT: Profit after Tax
RoCE: Return on Capital Employed
* Net Cash Position
All the figures are on standalone basis

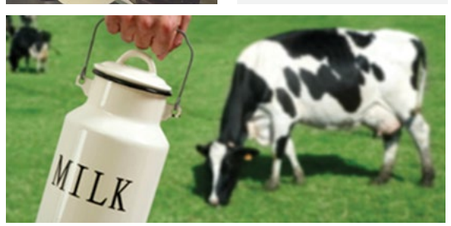
50 YEARS OF FINNOVATION

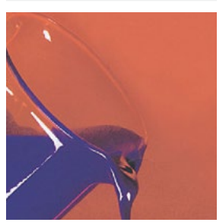
At Fine Organics, Research & development is about innovating advanced and sustainable additive solutions for the customers. It involves constant enhancement of our products' performance and identifying the benefits of our products in various applications. Our knowledge and experience help us ideate, innovate, and formulate newer additives for diverse application ranges. Over the last 50 years, we have transformed ourselves to accept challenges pertaining to the new product and process development. Our integrated approach towards research, which is based on technical competency and suitability to market has consolidated our position as a 'solution provider' globally.

FINE Additives, which we also describe as the 'technical pinch of salt', play a critical role in making the end products better. Our high performance, environmentally compatible additives contribute to customers' convenience, in everyday life. In the Foods, our additives can help in preserving the quality/freshness and enriching the texture. For Polymers, FINE Additives bring 'sustainable', 'safe' and 'highly effective' solutions that work in a multitude of ways by imparting functionalities such as slip properties; lubrication, melt flow regulation, release properties; antistatic, antifogging properties and much more. Along with these well-accepted additives solutions, there are specialty additives formulated to offer processing benefits, expand recycling efficiency and also can be a part of bioplastics materials; thereby, we are ensuring to contribute impactfully in the environment-focused trend of 'circular' processes. The Company produces additives for Coatings that can act as anti-settling agents, emulsifiers, thickening/anti-sagging agents, wetting and dispersing agents, defoamers, biocides and anti-mar waxes used in coating applications; thereby, empowering the coating to render superior protection and surface properties. In the recent times both the Cosmetics and Pharmaceutical products have gained significant importance; wherein, our additives successfully help in achieving long term product stability; preserving the chemical stability of the sensitive active agents; surfactants and emulsifiers providing excellent stability to the formulations while being extremely benign and friendly to the environment. Thus, have been receiving more and more acceptance as suitable alternatives to the traditional synthetic products. Extending the virtue of Oleochemistry and FINE's expertise further, we produce additives that can supplement the Feed nutrition and act as a natural antimicrobial to protect the health of animal wealth. These can replace the harmful antibiotics, improve the feed efficiency resulting in superior health and fertility in the animals.





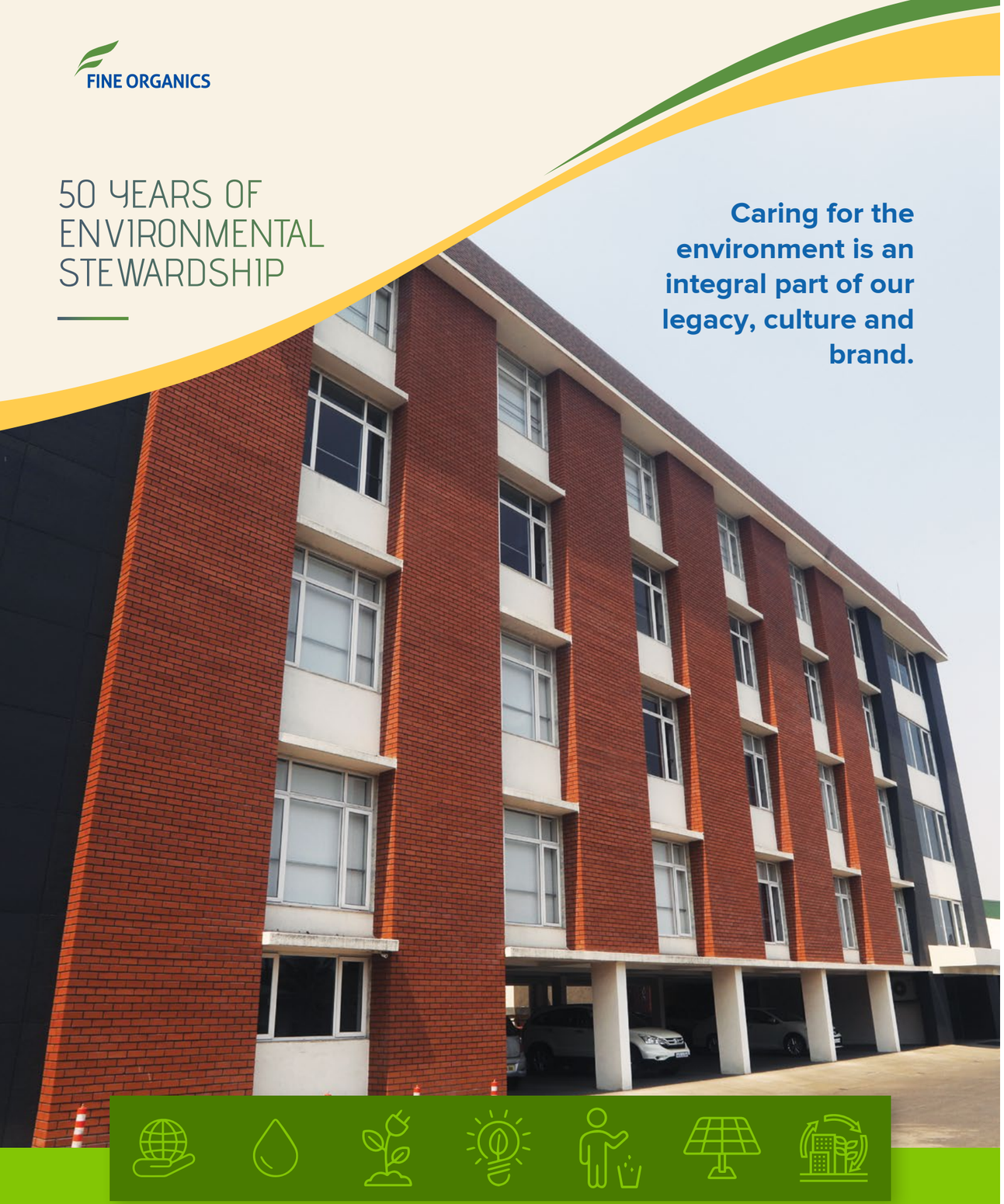




FINE ORGANICS

50 YEARS OF ENVIRONMENTAL STEWARDSHIP

Caring for the environment is an integral part of our legacy, culture and brand.



Natural resource management

Understanding the increasing global demands and limited natural resources drives our commitment to improved performance and continual innovation. Energy, water, food and materials are critically linked. An awareness and appreciation of this nexus are imperative to provide future generations' needs in a resource-constrained environment. Our guiding principles complement our environmental stewardship with a clear focus on the responsible management of our fairly constrained natural resources.

Initiatives undertaken:

Energy Conservation

- Installed Agitated Thin Film Distillation (ATFD) system for Effluent Treatment Plant (ETP)
- Installed solar sky pipes in warehouses
- Introduced steam boiler for pipeline heating/tracing
- Replaced furnace oil with PNG (Natural Gas, as clean-burning fuel)
- Replaced all CFL bulbs and tube lights with LEDs

REDUCED ENERGY CONSUMPTION 2%

Water Conservation

- Installed necessary gadgets for reactor washings
- Installed water efficient taps
- Recycled and reused water from:

  Recycled and reused water from:

  1. Sewage Treatment Plant (STP) for gardening
  2. Effluent Treatment Plant for cooling towers

WATER CONSUMPTION REDUCED BY 18%

Climate and Carbon

Fine Organics responsibly realises the significance of climate change and the need to act in response to its effects. We understand and also believe that even small actions can create noticeable positive changes; further can encourage the culture of enhanced awareness. And so, we continually evaluate and improve our strategies. Our focus is on the efficient use of natural resources and environmental protection, seeking opportunities for decarbonisation within our operations. We also innovate to bring lower carbon solutions to the market through our sustainable products. We are committed to continuing our voluntary and responsible actions on climate change.

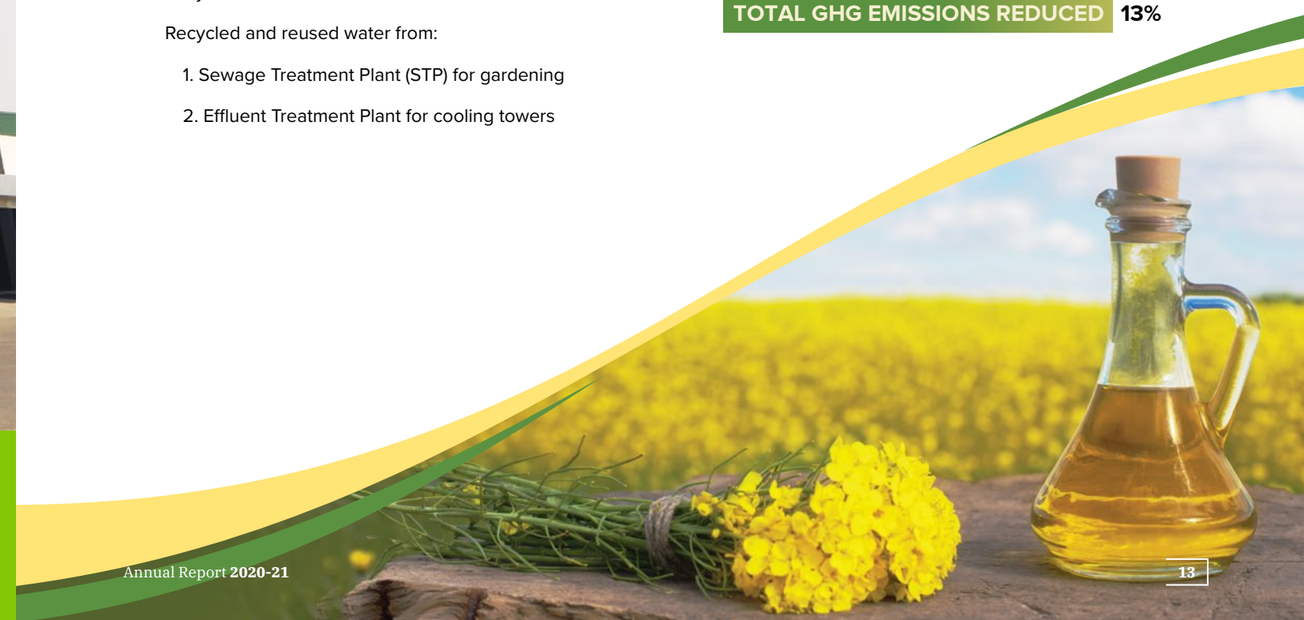
Initiatives undertaken:

- Reduced internal usage of plastic-based shrink-wrap
- Installed systems that do not release any toxic/non-biodegradable, non-recyclable waste
- Turned most of the significant plants into either Zero Liquid Discharge (ZLD) plant or sent its effluent to Common Effluent Treatment Plant (CETP)

WASTE TREATED 10.77 MT

WATER RECYCLED 100%

TOTAL GHG EMISSIONS REDUCED 13%



50 YEARS OF CARE AND COMPASSION

Safety is one of our most profound commitments: to our employees, customers, and communities

Employees

Safety

Fine Organics operates in a culture committed to safety. We foster a zero-incident mindset for preventing workplace accidents and injuries. The safety of our employees, contractors, customers, visitors, and communities is a core value. Our constant attention to safety has enabled us to reduce risks from our business steadily.

Training and Development

Fine Organics has various annual training plans based on the identified needs of the personnel. Along with safety training, we organize other broad variety of skill-building, interpersonal skill-oriented training.

Gender Diversity

Fine Organics has always been appreciative and encouraging towards diversity in the workforce. Our workforce distribution eliminates discrimination based on age, cultural background, physical abilities and disabilities, race, religion, gender, and sexual orientation. We wholly rely on the qualification, competency, knowledge, skills, attitude and experience of our employees.

Customers

We conduct a customer satisfaction survey every six months. It helps us maintain healthy relations with our customers while assisting us to address their concerns and issues. As a proactive measure, we also have a quality policy that assures the stakeholders about our products' quality, consistency, reliability and continual improvement to meet and enhance customer satisfaction.

Communities

We, as a company, are committed to conducting our business in a friendly and responsible manner. We are constantly working towards improving the quality of life in our operational areas through our Corporate Social Responsibility activities. We believe a sustainable business is crucial for building a stronger community and society. Our activities cover the following broad areas:

- **Education**
- **Healthcare**
- **Women Empowerment**
- **Environment sustainability**

50 YEARS OF EXPERTISE AND EXPERIENCE

Good governance is essential for operating optimally in an evolving external environment

BOARD OF DIRECTORS

Prakash Kamat
Executive Director & Chairman

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

Mukesh Shah
Managing Director

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

Jayen Shah
Executive Director and CEO

- Joined in 1986; Holds a Master's degree in Science
- Played an instrumental role in creating a strong vendor-partner network
- Established Fine Zeelandia Private Limited (Joint Venture)

Tushar Shah
Executive Director & CFO

- Joined in 1989; Led several initiatives like ERP, CRM, and Logistics among others.
- Played a key role in the development of the first facility for exports

Bimal Shah
Executive Director

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

Prakash Apte
Independent Director

- On board since November 2017; Holds a Bachelor's degree in Mechanical Engineering;
- Current part –time chairman of Kotak Mahindra Bank Limited.
- Previously served as the Managing Director of Syngenta India,

Kaushik Shah
Independent Director

- On board since January 2018; Holds a Bachelor's degree in Commerce, a qualified Chartered Accountant and Company Secretary
- Previously served as the Managing Director of Fulford (India) Limited

Mahesh Sarda
Independent Director

- On board since November 2017; A qualified Chartered Accountant and Company Secretary, holds a Bachelor's degree in Law
- Previously served as a Partner at Deloitte Haskins & Sells

Parthasarathi Thiruvengadam
Independent Director

- On board since November 2017; Holds a B. Tech degree in chemical engineering from IIT Madras and a postgraduate in Industrial Engineering and fellow member of the Institute of Cost Accountants of India
- Previously served as a Senior Director at Deloitte India

Pratima Umarji
Independent Director

- On board since November 2017; Holds degree in Law and Economics
- Held the position of Principal Secy Law (Legislation) with the Govt of Maharashtra for ten years
- Current panel member of the 'Lok Adalat', Bombay High Court

FINE ORGANICS

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. PRAKASH DAMODAR KAMAT	EXECUTIVE DIRECTOR & CHAIRMAN
MR. MUKESH MAGANLAL SHAH	MANAGING DIRECTOR
MR. JAYEN RAMESH SHAH	EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER
MR. TUSHAR RAMESH SHAH	EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER
MR. BIMAL MUKESH SHAH	EXECUTIVE DIRECTOR
MR. PRAKASH KRISHNAJI APTE	INDEPENDENT DIRECTOR
MR. KAUSHIK DWARKADAS SHAH	INDEPENDENT DIRECTOR
MR. MAHESH PANSUKHLAL SARDA	INDEPENDENT DIRECTOR
MR. PARTHASARATHI THIRUVENGADAM	INDEPENDENT DIRECTOR
MS. PRATIMA MADHUKAR UMARJI	INDEPENDENT DIRECTOR

BOARD COMMITTEES

AUDIT COMMITTEE

MR. MAHESH PANSUKHLAL SARDA,	CHAIRMAN
MR. PRAKASH KRISHNAJI APTE	
MR. KAUSHIK DWARKADAS SHAH	
MR. PARTHASARATHI THIRUVENGADAM	
MR. JAYEN RAMESH SHAH	
MR. TUSHAR RAMESH SHAH	

NOMINATION & REMUNERATION COMMITTEE

MR. PARTHASARATHI THIRUVENGADAM,	CHAIRMAN
MS. PRATIMA MADHUKAR UMARJI	
MR. MAHESH PANSUKHLAL SARDA	
MR. PRAKASH DAMODAR KAMAT	

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

MR. JAYEN RAMESH SHAH,	CHAIRMAN
MR. PRAKASH KRISHNAJI APTE	
MR. KAUSHIK DWARKADAS SHAH	
MR. MUKESH MAGANLAL SHAH	
MR. TUSHAR RAMESH SHAH	

STAKEHOLDERS' RELATIONSHIP COMMITTEE

MS. PRATIMA MADHUKAR UMARJI,	CHAIRPERSON
MR. PRAKASH KRISHNAJI APTE	
MR. KAUSHIK DWARKADAS SHAH	
MR. MUKESH MAGANLAL SHAH	
MR. JAYEN RAMESH SHAH	
MR. TUSHAR RAMESH SHAH	

RISK MANAGEMENT COMMITTEE

MR. PRAKASH KRISHNAJI APTE,	CHAIRMAN
MR. PARTHASARATHI THIRUVENGADAM	
MR. JAYEN RAMESH SHAH	
MR. NIKHIL DATTATRAY KAMAT (SR. VP - OPERATIONS)	
MS. SONALI BHADANI (VP - FINANCE)	

EXECUTIVE COMMITTEE

MR. PRAKASH DAMODAR KAMAT,	CHAIRMAN
MR. MUKESH MAGANLAL SHAH	
MR. JAYEN RAMESH SHAH	
MR. TUSHAR RAMESH SHAH	
MR. BIMAL MUKESH SHAH	

PRINCIPAL BANKERS

UNION BANK OF INDIA
CITIBANK, N.A.

AUDITORS

B Y & ASSOCIATES, CHARTERED ACCOUNTANTS.

COMPANY SECRETARY AND COMPLIANCE OFFICER

MS. POOJA BHAVESH LOHOR

REGISTERED OFFICE

FINE HOUSE, ANANDJI STREET, OFF M.G. ROAD,
GHATKOPAR EAST, MUMBAI 400077, MAHARASHTRA, INDIA
CIN: L24119MH2002PLC136003
TEL: +91 (22) 2102 5000 | FAX: +91 (22) 2102 8899
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WEB: WWW.FINEORGANICS.COM

REGISTRAR & TRANSFER AGENTS

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SELENIUM TOWER B, PLOT 31 & 32,
FINANCIAL DISTRICT, NANAKRAMGUDA, SERILINGAMPALLY
MANDAL, HYDERABAD - 500 032, TELANGANA.
CIN: U72400TG2017PTC117649
TOLL FREE NUMBER: 1-800-309-4001
EMAIL: EINWARD.RIS@KFINTECH.COM
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WORKS

ADDITIONAL MIDC, AMBERNATH (E) 421501
KHERVAI MIDC, BADLAPUR (E) 421503
ADDITIONAL MIDC, AMBERNATH (E) 421506
MILLENNIUM BUSINESS PARK, MIDC, MAHAPE, NAVI MUMBAI 400710
MIDC, DOMBIVALI (E) 421204
MIDC, DOMBIVALI (E) 421203
MIDC, CHEMICAL ZONE, AMBERNATH WEST, THANE, MAHARASHTRA 421501
ADDITIONAL PATALGANGA MIDC INDUSTRIAL AREA, PANVEL, RAIGARH, 410220

MANAGEMENT DISCUSSION ANALYSIS

INDIAN ECONOMY

The fiscal year 2020-21 proved to be extremely challenging in multiple aspects. It would be only right to call it the most difficult, in terms of the economic performance in India, since 1950-51. The country had noted growth rate of 8.3% in 2016-17; which plummeted to 4% in 2019-20 with an estimated annual GDP contraction of 8% in the 2020-2021.

The economy was showing signs of weaker trend even prior the report of first COVID-19 cases at the start of the FY 2020-21. This shrinkage was a result of the declining growth of private consumption and finance sector. The 68-day long lockdown inevitably compounded these pre-existing weaknesses in the economy. India's GDP re-entered the growth territory as the economy gradually started recovering post the easing of restrictions in the quarter ending September, 2020. The Government undertook various measures in order to address the situations as a part of which the structural reforms along with reduction in repo and reverse repo rates were announced to revive the economy during the year; alongside a financial stimulus injected to bring in some relief.

A subsequent change in lockdown policies and curbs in COVID-19 infections aided an impressive economic turnaround in the third quarter. As a result of these factors, the fourth quarter positively exceeded the pre-pandemic growth levels. It was well-supported by the strong recovery in industrial production, infrastructure and housing investment, merchandise exports, and a modest recovery in the private consumption. The structural reforms introduced in the budget and the Government's push for 'Make in India' gave the economy a new lease of life.

As the Indian economy was making great strides to recover and return to normalcy, a second wave of virus hit the nation. It hit the economy by prompting consumers to save rather than spend, unlike last year's contraction, that was driven mainly by supply disruptions. In the second wave of virus the economy lag is expected to be dominated by demand destruction or deferment of expenditures. Apart from this, the economy is also witnessing fading of pent-up demand from last year's lockdown and spending in rural areas slowing as the new wave spreads from urban.

OUTLOOK

It is truly impressive to observe how far India has come compared to a year ago. The economy is recovering from the bruises left behind by COVID-19. Despite a heavy blow wielded to the Indian economy last year by the pandemic, the economic landscape is already looking lush and appears set on the path to regaining its health. But, the second wave is expected to dampen the recovery prospects. The early estimates suggest that the gravity of health crisis is severe than last year, but the economic impact of this is likely to be far less subdued than that of first wave. However, the ongoing vaccination drive, fresh new lockdowns to prevent a second wave and the recovery of the world economy will determine the competency of the Indian economy. Also, the policy developments and reform will help India navigate towards normalcy.

(Source: Hindustan times, IMF, World Bank)

INDUSTRY STRUCTURE AND DEVELOPMENT

Specialty Chemicals

Specialty chemicals are particular chemical products, which provide a wide variety of effects on which many other industry sectors rely on. Industries that depend heavily on it are foods, cosmetics, agriculture, automotive, aerospace, manufacturing and textiles, among others. They can be formulations or single-chemical entities; whose composition influences the end products.

Specialty chemicals are developed and produced after extensive research and development, which differentiates them from the commodity chemicals. They have limited and specially identified suitable applications, unlike commodity chemicals, which have multiple common applications and uses as intermediates etc.

Indian Specialty Chemicals Market

India's specialty chemicals market is expected to grow to US$40 billion by 2025 from US$28 billion in 2018. The India is the fastest growing major specialty chemicals market in the world.

Rise in demand from end-user industries such as food processing, personal care and home care are driving developments of different segments in India's specialty chemicals market. A large customer base expected to generate high demand for specialty chemicals through increasing industrial production and robust growth of the construction sector in the region.

(source:- https://www.livemint.com/news/india/indias-specialty-chemicals-market-to-grow-to-40-bn-by-2025-mckinsey-11614407279241.html)

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

Oleochemistry

The global oleochemicals market size is anticipated to reach US$ 34.89 billion by 2028, registering a CAGR of 7.57% between 2021 and 2028.

(Source: https://www.grandviewresearch.com/press-release/global-oleochemicals-industry)

The market growth can be attributed to the increasing demand for oleochemical derivatives by major end-use industries such as food & beverages, pharmaceuticals, personal care & cosmetics, and plastic & polymers. Oleochemicals are derived from fats and oils that are available in the natural sources such as plants. Growing environmental and health concerns due to the harmful effects of products based on other chemistries, are leading to increasing product adoption, which will boost the market growth of safe additives. In addition, regulations regarding the use of synthetic products have led to the increased adoption of the safe products due to its environmental and sustainability benefits.

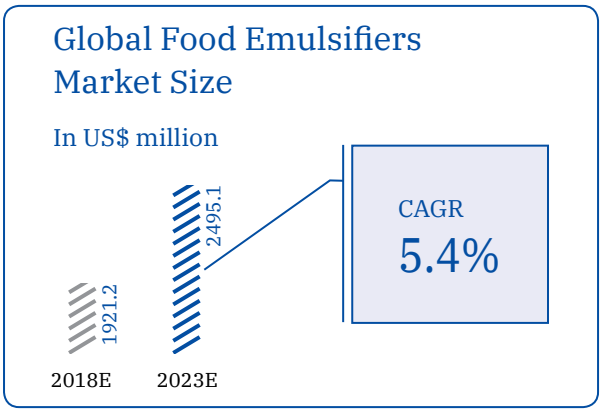
INDUSTRY SEGMENTS

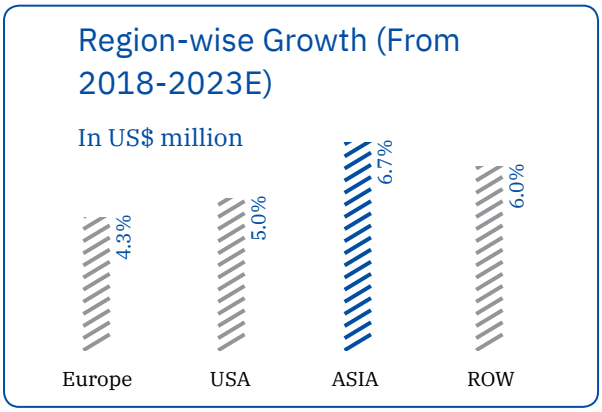
1. **Foods**

   Food additives are ingredients that keep food fresh or enhance their colour, flavour, or texture. They are also added to food to improve taste, prevent lumping, increase sweetness, enhance flavours/appearances, make them visually appealing, add nutritional value, texture, safety and extend the shelf life. These additives are among the safest ingredients in food formulations due to the rigorous safety testing, and control of use by the law. Flavours and essences, colouring agents, preservatives, emulsifiers, texturizing agents, and sweeteners are some of the widely consumed food additives. They are mostly used in the dairy & frozen food products, bakery & confectionery, beverages and in other processed foods.

   Global scenario

   The global plant-sourced food emulsifiers market is expected to reach US$ 2,495.1 million by 2023 at a CAGR of 5.4% during 2018-2023. Most anticipated and witnessed rise in the processed foods consumption owing to easy availability through the well-developed retail channels will further foster the industry growth. Growing demand for natural products in bakery products, chocolates/confectionery, dairy products like peanut butter, frozen desserts & ice creams etc in food industry will also propel growth. Over the years, rapidly growing urbanisation has escalated demand for processed food products. Growing demand for ready-to-make and instant-foods will have positive impact on the processed food market; thereby fostering a global market growth.



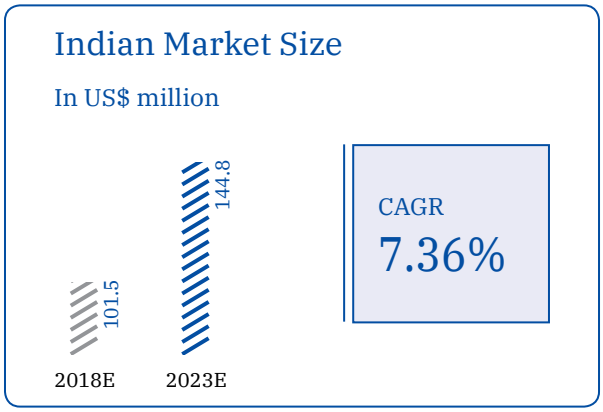


(Source: MarketsandMarkets)

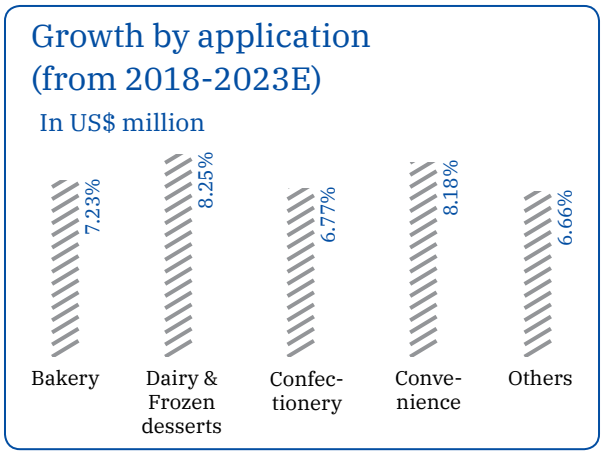
Indian scenario

The Indian food emulsifiers market is expected to reach US$ 144.8 million by 2023 at a CAGR of 7.36% during 2018-2023 owing to increased demand for processed and convenience foods among the working population. Moreover, the increasing demand for natural emulsifiers in packaged food coupled with the rising health consciousness among consumers will propel the growth. Bread, biscuits, bakery and confectionery products, and other convenience food remain the main application areas for emulsifiers in India.

MANAGEMENT DISCUSSION ANALYSIS (Contd.)



(Data on emulsifiers, including commodity emulsifiers such as soya lecithin)



(Source: MarketsandMarkets)

Opportunities

- **Demand** for food additives in India, as there has been a substantial change in lifestyle, shift in mindset and rising penetration of ready-to-eat convenience foods, processed and packaged food products among the working class
- **Demand** for malt drinks, premium ice creams, frozen desserts and other dairy products
- **Demand** for healthy packaged foods owing to rise in health awareness and quality consciousness among consumers in developed nations
- **Demand** for packaged, processed and ready-to-eat foods because of the rising disposable income and busy lifestyle

2. Plastics

Plastics have become an essential part of our lives due to the impressively wide applications and functions they can offer in our normal day activities. These are typically made from a complex blend of plastics, fillers and additives.

Plastic additives are ingredients which are added in polymer resins to improve their durability and heat sensitivity as well as impart various functionalities. These additives also enhance the processability, performance, and appearance of the end-products. Plastic additives have found widespread applications in packaging, automotive, consumer goods and other applications such as furniture, construction and agriculture. Commonly used plastic additives include stabilisers, lubricants, plasticisers, antioxidants, mould release agents, slip and antiblocks, antistatic and antifogging additives, multifunctional processing aids, fillers, UV stabilisers and more. Some of these additives are suitable for use in the biopolymers, which are gaining more importance due to the increasing usage of biopolymers. These additives can offer similar functionalities as attained in the conventional polymers.

Global scenario

Valued around US$ 24,587.37 million in 2021(expected), the global plastic additives market is projected to reach US$ 30,874.56 million by 2026, at a CAGR of 4.66%. Plastic additives are increasingly utilised for achieving the required end-functionalities, property modification, superior stabilisation and improving the processing by enhancing the melt flow properties in the industrial applications. The Packaging sector has been experiencing rapid development over the last few decades. The increasing demand for convenience food is increasing the demand for food-grade plastics used for packaging. Additionally, the growing e-commerce sector across the world is one of the prime factor driving the packaging sector, which in turn is boosting the growth of plastic additives. Growing industrial output and increased economic activities in the emerging economies of Asia and South America are expected to drive the global industry. Plastics additives are expected to undergo development changes. Shift towards development of bio-based plastics is a key trend in some markets. Due to its natural biodegradability green

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

chemistry is a hotbed of a subject of a great importance in the industry.

(Source: Mordor intelligence analysis 2020 &

https://www.fortunebusinessinsights.com/plastic-additives-market-104448)

Indian scenario

Indian plastic additives market is estimated at US$ 1190.60 million in 2021, and it is expected to reach at US$ 1643.51 million by 2026, at a CAGR of 6.66%. The packaging industry is enacting the role of catalyst in promoting the huge growth of the plastics additives market in India. The packaging sector, which is the largest end-user for plastics additives in India, is growing at a high rate. The Indian Packaging Industry in India was valued at US$ 75.95 billion in 2019. According to the Packaging Industry Association of India (PIAI), the sector is growing at 22% to 25% per annum. Demand for processed foods is rising, with growing disposable income, urbanisation, young population, and nuclear families. Thus, the packaging industry is likely to witness growth. This is likely to drive the demand for plastic additives in India.

(Source: Mordor intelligence report 2020)

Opportunities

- **Demand** in e-commerce sector, which is propelling plastic based packaging and retail industries and consequently, driving the plastic additives market
- **Demand** for plastic additives getting a boost due to the replacement of conventional products used in construction, infrastructure, and automobile industry with plastic products
- **Demand** for plastic additives is estimated to grow on account of the increasing consumption of plastics and rising disposable income of consumers.
- **Demand** shift in customer preferences to plastic products owing to their low price, better functionality and increased durability
- **Demand** for plastic from construction industries making insulation, pipes, cables, floorings, windows and storage tanks
- **Demand** shift in consumer preference towards eco-friendly plastic products and increasing use in food packaging and compostable bag applications in emerging markets such as APAC, EU and USA

3. Cosmetics and Pharmaceuticals

Global scenario

The global cosmetics market size was valued at US$ 380.2 billion in 2019, and it is projected to reach US$ 463.5 billion by 2027, registering a CAGR of 5.3% from 2021 to 2027. There has been a steady rise in the demand for natural cosmetics and medicines among consumers across the globe, which has escalated the products' demand. Eco-friendly product features can reinforce the quality and availability of raw materials, thus, ensuring a good brand reputation. Also, use of novel technology and ingredients, increased life expectancy, and a growing number of working women will create new avenues for product development in the coming years. At present, along with women, there is a rise in use of cosmetics among men in their daily routine, which complements growth of the global market. The changing lifestyles will surely have a better impact on the market. An ever-increasing awareness of health, protection from infections and well-being can result in the increased use of hygiene products. In addition to this key factor, the consumer perception of green additives being safer for use can result in preference to the bio-based additives in these segments.

(Source: https://www.alliedmarketresearch.com/cosmetics-market)

Indian scenario

India Cosmetics Market was valued US$ 13,191.23 million in 2020 and is forecast to grow at double digit CAGR of 16.39% through 2026 to reach US$ 28,985.33 million by 2026. Anticipated growth in the market can be attributed to growing disposable income, leading to increased purchasing power of people. Emergence of online retail and increased inclination of youth towards skin care and other grooming products is another key factor which is expected to drive the cosmetics market in India. the skincare segment in the Indian market is flooded with natural ingredients based products at present. Moreover, rising consumer awareness and preference to buy advanced skin care products, which not only make them look beautiful but also enhance their skin type, are also leading to huge demand for cosmetic products. It has also been observed that there has been an increasing demand for herbal cosmetic products among Indian consumers, which is creating

a huge growth opportunity for manufacturers. Rising awareness towards body aesthetics, especially among women, is making India one of the largest consumers of cosmetic products in the world.

(Source:https://www.globenewswire.com/news-release/2021/01/25/2163224/28124/en /India-Cosmetics-Market-Report-2021-Analysis-Forecasts-2014-2026-by-Body-Care-Hair-Care-Color-Cosmetics-Men-s-Grooming-Fragrances-Others.html)

Opportunities

- **Demand** for skin care cosmetic products containing multiple benefits such as those with anti-ageing properties, moisturising care, and sunscreen protection
- **Demand** for more herbal, organic and natural cosmetic products, as Indian consumers are becoming aware about their physical appearance and they are ready to invest in the grooming process
- **Demand** for wide range of cosmetic, healthcare and hygiene products is expected to grow because Indians are increasingly willing to spend on such products
- **Demand** for product development in the coming years set to rise because of novel technology and ingredients, increased life expectancy and growing number of working women

4. Coating Additives

Specialty coating additives are the type of solutions that are induced in various types of coatings to enhance their quality and performance. They are used for the improvement of product properties and eliminates or reduces the problems arising during formulating coating systems production processes. They are used in small quantities but it has a huge impact on coating performance. These additives are added in printing process by offering required slip and antiblocking properties, ensuring high quality in printed surface. They contribute to critical applications such as road marking paint through offering excellent quality via surface modification.

Specialty coating additives play a key role in formulations by imparting desired functionalities to the coating, for instance – effective heat sensitivity, mar resistance, flow regulation, wetting & dispersion, foam control, protection of coating layer from microbial attack and many more. These additives are utilised in fairly small concentrations; however, they bring remarkable benefits in terms of stability, performance and the quality of coatings.

The additives designed for ink application facilitate the performance of printed surface by rendering effective slip & antiblocking properties, high-quality pigment dispersion with sufficient stability, anti-clogging properties and more required functions.

Global Scenario

Coating additives market is expected to grow at a rate of 5.3% from 2020 to 2027. Rise in the automotive industry is a vital factor driving the growth of coating additives market swiftly. Rising demand of eco-friendly coatings and an increase in R&D activities are the major factors among others driving the coating additives market.

(Source:-https://www.databridgemarketresearch.com/reports/global-coating-additives-market)

Indian scenario

India is among the fastest-growing printing ink markets in the world, spurred by the rapid expansion of domestic print markets. The printing ink market in India has registered a strong growth in the recent years due to the strong demand from key end user segments such as package printing, publishing and other commercial printing.

The demand for industrial coatings can be propelled by the rapid industrialisation in a developing economy like India. This will consequently be a significant driving factor for this market. It is expected to exhibit increasing production of paints and coatings in the applications such as interior, exterior coatings/paints, industrial coatings and other high-end protective coating (corrosion inhibitor action).

Opportunities

- **Demand** from e-commerce business, increasing applications, technological advancements pose as future growth drivers for the industry
- **Demand** for plastics across industries such as food packaging etc will lead to more requirement for ink and coating additives in India

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

- **Demand** rising for water-based paints & coatings from construction industry to favour market growth for these additives

CHALLENGES/THREATS

- **Extended product approval process:** The regulatory approvals received from the different industry institutions are generally granted for a limited duration; further there are regular revisions in the regulatory compliances depending on the geographical region, industry, end-use and more. Upon approval at the immediate customer, it further can take three to five years to approve the additives before the manufacturer gets the nod as an additive supplier by an end-customer. This means the additive end-users are likely to source tested additives from established suppliers to avoid expensive and lengthy validation tests. This process creates a high entry barrier for a Company in new customers, geography and applications.
- **Vegetable oil prices:** The price of vegetable oils depends upon the global as well as domestic demand-supply output & climatical/crop conditions. The changes in the duties made by the Indian Government and exporting countries may result in price volatility and fluctuations.
- **Slowdown in user industry growth:** Demand of our additives depends upon the various sectors and end-user industries. Any slowdown in growth of user industry such as Foods, Polymers/Plastics, Coatings, Packaging, Automobiles, Personal care etc could impact the overall growth for the sector. Also any restrictions on plastic usage or ban of plastics in some products which we cater to, can impact and has a potential to alter the growth prospects.
- **Strict customer specification:** Our Specialty additives are subject to strict customer specification requirements in terms of manufacturing processes and products. Any failure on the part of the manufacturer or supplier to comply with the applicable customer specifications may lead to cancellation of existing and future orders, recalls or warranty claims, or civil claims. If products fail to meet customers' quality standards, it could be removed from end-user customers' 'approved supplier' list. This would have a material adverse effect on our business, finance, and operations
- **Travel restrictions:** Travelling is an integral part of our line of business. Travel constraints, even if it's for shorter durations, have significant impact on our Company's performance. After the devastating COVID-19 surge disrupted supply chains in key regions, travel restrictions made the situation worse. Our team was and is not being able to travel to demonstrate newer applications to our existing and new customers. Even the manufacturing plant inspection by some of our prospective clients also came to a halt due to the travel restrictions. Such travel restrictions will have a negative impact on Company's growth prospects.

BUSINESS OVERVIEW

Fine Organics, which commenced its journey in 1970, is the pioneer in the oleochemical-based additives in India. The Company has developed 450+ range of specialty additives, which successfully find their place in foods, plastics, cosmetics, coatings and other key applications in several industries.

The state-of-the-art manufacturing facilities of the Company are located at Ambernath, Badlapur, Dombivali and Patalganga. The Company has team of 18 scientists, engineers and technologists at a dedicated R&D centre (as on March 31, 2021), which acts as a platform for them to develop innovative solutions well-suited for the customers. The Company has manufacturing facilities developed based on an in-house technology which is effectively supported by highly skilled research and a development team. The in-house designing /engineering capabilities and excellent techno-commercial outlook sets the Company apart from the other compeers.

FOOD ADDITIVES

The Company caters food industry through the additives such as emulsifiers, antifungal additives, and other specialty additive blends. These additives help in maintaining food quality, keeping food fresh, imparting better product structure integrity, and increasing the shelf life of food products such as breads, cakes, and other bakery products. Additives prevent foods from becoming inedible due to the unwanted growth of bacteria, fungus and moulds.

PLASTIC ADDITIVES

The Company also has a wide range of additives such as dispersing agents, processing aids, anti-stats, flow improvers, lubricants, mould release agents, slip agents and antifogging additives for polymers, polymer compounds and masterbatches, foamed products, PVC products

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

and engineering plastics. The additives impart varied functionalities to the end-product made from polymers. Slip additives help in reducing the surface friction between plastic film surfaces to the other film surfaces and the film surface to the metal surfaces of equipments, antistats aid to dissipate the static charges to make plastic safer for handling, antifogs improve the visibility through the plastic films. The specially designed wetting and dispersing additives for colour masterbatches and compounds help in attaining superior colouristic properties and can help to achieve multiple additional benefits. Additives such as antimicrobials (controlling the growth of bacteria on polymer surfaces to minimise potential infections), charge enhancers (to improve the filtration efficiency in masks and industrial filters), hydrophobic/hydrophilic additives (to make plastic fabric water-repellent/water absorbent and ensure better hygiene) and more such polymer additives for various other specialty applications.

FINANCIAL HIGHLIGHTS (STANDALONE)

The Company posted net revenue from operations ₹ 1,12,129.01 lakhs in 2020-21 as against ₹ 1,02,622.30 lakhs in 2019-20 representing increase of 9.26% over the previous year. EBIDTA of the Company recorded decrease of 18.64% from ₹ 23,608.03 lakhs in 2019-20 to ₹ 19,206.95 lakhs in 2020-21. The EBIDTA margin reduced from 23% in 2019-20 to 17.13% in 2020-21. PAT of the Company declined by 30.97% from ₹ 16,650.17 lakhs in 2019-20 to ₹ 11,493.18 lakhs in 2020-21. The PAT margins reduced from 16.22% in 2019-20 to 10.25% in 2020-21.

	2019-20	2020-21
Inventory Turnover	10.34X	9.82X

(Net Credit Sales/Average Inventories)

	2019-20	2020-21
Interest Coverage Ratio	42.13X	23.86X

(Earnings Before Interest and Taxes/Interest Expenses (Finance cost))

	2019-20	2020-21
Current Ratio	3.92X	3.95X

(Current Assets/Current Liabilities)

	2019-20	2020-21
Debt Equity Ratio	*(0.13X)	*(0.23X)

(Net Debt/Net Worth) * net cash position

	2019-20	2020-21
Debtors Turnover	6.58X	7.02X

(Net Sales/Average Accounts Receivables)

	2019-20	2020-21
Operating Profit Margin (%)	19.63%	12.96%

(Profit Before Interest and Taxes/Net Sales)

	2019-20	2020-21
Net Profit Margin(%)	16.22%	10.25%

(Net Profit After Tax/Net Sales)

	2019-20	2020-21
Return on net worth (%)	26.40%	15.56%

(Net Profit After Tax/Net Worth)

RISK MANAGEMENT

Economic slowdown: Any economic slowdown can derail the entire supply chain, indirectly affecting a Company's profitability. Fine Organics caters a diverse range of industry sectors – essential for any economy to function. Together with diverse product portfolio, Fine Organics widespread geographic presence helps hedge its risks related to a particular sector and region with that of a non-essential sector. During the lockdown, the Company continued its operations owing to its linkages and supplies in the food and packaging industry – an essential sector.

Lockdown/Pandemic: The current COVID-19 led pandemic caused severe dent on the global supply chain and other economic activities. Such disruptions have a serious impact on the dependent industries and the overall demand and supply chain. As the Company caters to a range of industries, ranging from food to packaging to pharmaceuticals, the Company is insulated from such events. These sectors being considered under essential category will continue to operate at least partially even in pandemic like situation, thus helping the Company to minimise the risk of pandemic and alike situations.

Raw material unavailability: Since the Company manufactures products for specialty applications, it intends to procure raw materials from different vendors due to large volumes. Also, the Company does not enter into contracts for duration exceeding three to six months with any of its supplier base. Any disruption in the supply of the raw materials can disrupt the Company's manufacturing operations, which can have a material adverse effect on our business, results of operations and financial condition. Since the Company has

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

long-standing relationships with its suppliers, which helps to minimise risk of procuring raw materials.

Competition activity: The additives market is intense and competitive. The Company faces competition from international territories. This leads to pricing pressures between the top industry players, for gaining share amongst the existing available opportunities. Thereby lowering profit margins. Despite these challenges, the Company has worked on strong customer and account management programs, securing long-term commitments from our customers, introducing new products in the market, expanding geographies to add new customers etc. which help us to minimise the risk. However, this growth could be affected due to travel restrictions during pandemic situation.

R&D: Innovation in terms of new products, new applications and new processes of manufacturing are critical to the success of the Company. Failure in innovation and inability to build a robust product pipeline, which can be commercialised in a timely manner, may adversely impact the Company's competitive position. Our R&D team is consistently involved in analysing the key industry trends. It helps develop products that meet the needs of our customers and end users.

EHS: We are subject to safety, health, environmental, labour, workplace and related laws and regulations. Any failure to comply with any current, or future laws or regulations, could have a material adverse effect on our business, financial condition and results of operations. To mitigate these, we have EHS policies. Our decisions are based on the framework that these policies suggest, thereby avoiding such risks.

Quality: Additives, although used in minor quantities, are very critical in terms of performance in end-use material, be it food, plastic or any other products. This makes it imperative for the customer using the additive to validate the additive's quality and performance thoroughly. In addition to performance, as many of these additives are used in food, feeds and food packaging materials, they also need to comply with stringent health and environment-related regulations globally. Any failure in quality standards may lead to loss of reputation and goodwill of the Company, order cancellation and customer loss. The Company has remained focused on strengthening the quality standards through its in-house process development and management. Thus helping it maintain the highest level of quality consistency.

Regulations: Food products and their ingredients, food contact packaging materials, pharma packaging, Feed nutrition additives and cosmetic substances are subject to high regulatory standards. This helps protect consumers from health hazards in all countries where we manufacture or distribute our products. Similar regulations also apply to plastic additives used in manufacturing packaging materials used for food packaging and medical products. In addition to Indian laws, rules, and regulations, we must also comply with the laws, rules, and regulations in each country where we sell our products, including the European Union and the United States. The most important regulatory frameworks for our business are that of India, the European Union and the United States. Like all chemical companies, Fine Organics is also subjected to foreign, central, state, local laws and regulations related to pollution, environment, generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Changes in environmental regulations could also inhibit or interrupt the Company's operations. For this, the Company abides by the necessary requirements of regulatory bodies and environment-friendly manufacturing processes.

Human resource risk: Our performance depends to a large extent on the efforts and abilities of our employees. Also, our future success will, to a large extent, depend on our ability to retain our Key Management Personnel. The loss of or diminution in the services of one or more of our Key Management Personnel could have a material adverse effect on our business, financial condition, and results of operations. Failure to attract and retain the right set of talent will further dampen the growth of the organisation. To check such attritions, the Company has a competitive remuneration policy combined with appropriate rewards and recognition plan. The Company regularly invests in training of its employees to upgrade their skillsets.

HUMAN RESOURCES

Nothing is more important to us than our employees. An organisation can achieve sustainable growth only if it empowers its employees and focuses on a performance culture. Here our teams are motivated to collaborate with experts to enhance their skills. To provide an edge to our people, the Company conducts various programmes in the organisation to deepen the expertise of its people. It lays continuous emphasis on delivering corporate values, leadership, integrity, flexibility, efficiency and establishing a corporate culture based on trust, respect for diversity and equality of opportunity.

MANAGEMENT DISCUSSION ANALYSIS (Contd.)

Protecting, enhancing well-being, providing a safe work environment, work hour flexibility and extending fair treatment at work are the key areas in which we have been able to constantly deliver on our employees' expectations. The Company also organises programmes such as team building, communication and presentation skills, 5S and QMS (Quality Management System) to enhance employee proficiency.

EMPLOYEES AS ON MARCH 31, 2021 [723]

INTERNAL CONTROL SYSTEM

The Company has proper internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded, and reported correctly. This internal control is supplemented by an extensive programme of internal audit, reviewed by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and also for maintaining accountability of assets. The management is committed to a regular review of this aspect.

The Company's process framework provides well-documented operating procedures and authorities with adequate built-in controls. The internal control is further enhanced by an extensive programme of internal, external audits and periodic review by the management. The system ensures that financial and other records are reliable to prepare financial information and other data and also for maintaining assets accountability.

The Company adopts and follows a risk mitigation strategy and reviews, occurrence of risk and finds probable mitigation strategies. The Company's Risk Management Committee reviewed the major risks and mitigation measures, and accordingly corrective steps were initiated.

CAUTIONARY STATEMENT

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

BOARD'S REPORT

Dear Members,

The Board of Directors are pleased to submit its report on the performance of the Company along with the audited Standalone as well as Consolidated financial statements for the financial year ended March 31, 2021.

FINANCIAL SUMMARY AND STATE OF AFFAIRS:

(₹ In lakhs)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
REVENUE & PROFITS				
Total Revenue from operations	112,129.01	102,622.30	113,321.84	103,807.97
Profit before Interest, Tax & Depreciation	20,909.36	25,659.14	21,504.80	25,559.83
Less : Interest & Finance Charges	608.99	478.12	612.98	482.11
Less : Depreciation	4,676.49	3,465.07	4,676.91	3,465.53
Profit for the year before Tax	**15,623.88**	**21,715.95**	**16,214.91**	**21,612.19**
Less : Provision for Taxation				
- Current	4,320.00	5,609.49	4,380.61	5,666.23
- Deferred	(190.89)	(543.71)	(201.42)	(534.05)
Short (Excess) provision for earlier years	1.59	-	1.59	-
Net Profit/(Loss) after Tax	**11,493.18**	**16,650.17**	**12,034.13**	**16,480.01**
Other Comprehensive Income	232.90	(351.58)	232.90	(351.58)
Total Comprehensive Income	11,726.08	16,298.59	12,267.03	16,128.43
RETAINED EARNINGS				
Opening Balance of Retained Earnings	61,092.96	48,508.64	60,428.45	48,016.17
Add: Profit for the year	11,493.18	16,650.17	12,034.13	16,480.01
Less: Appropriations:				
Final Dividend	919.76	3,372.60	919.76	3,372.60
Dividend Distribution Tax	-	693.25	-	693.25
Transferred to Other Reserve / Non-Controlling Interest	-	-	1.83	1.88
Balance as at end of the Year	**71,666.38**	**61,092.96**	**71,540.99**	**60,428.45**

The financial results have been further discussed in detail in the Management Discussion and Analysis Report which forms a part of this Annual Report.

The Standalone as well as the Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS').

SHARE CAPITAL:

During the year under review, there was no change in the share capital of the Company. The Paid-up share capital of the Company as on March 31, 2021 is ₹ 1,533.00/- lakhs divided into 3,06,59,976 equity shares of ₹ 5/- each.

DIVIDEND:

Your Directors are pleased to recommend a Final Dividend of ₹ 11/- per equity share of the face value of ₹ 5/- each fully paid-up for the financial year ended March 31, 2021, which includes one-time special dividend of ₹ 5/- per equity share on account of our golden jubilee year.

If the dividend, as recommended above, is declared by the Members at the ensuing Annual General Meeting ('AGM'), the total outflow towards dividend on Equity Shares for the year would be ₹ 3,372.6 lakhs. The dividend will be paid to those members whose names appear in the register of beneficial owners/register of members as at the close of business hours on August 17, 2021.

TRANSFER TO RESERVES:

The closing balance of the retained earnings of the Company for the financial year 2020-21, after all appropriations and adjustments was ₹ 71,666.38/- lakhs.

BOARD'S REPORT (Contd.)

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES:

As on March 31, 2021, the Company has two subsidiaries i.e. Fine Organics (USA), Inc. and Fine Organics Europe BV and two joint venture companies i.e. Fine Zeelandia Private Limited and FineADD Ingredients GmbH. Pursuant to the provisions of Section 129 (3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries and joint ventures in Form AOC-1 is attached to the financial statements of the Company.

On May 6, 2021, your Company has executed Joint Venture Agreement with Oleofine Organics Thailand Co., Ltd. (OFT) and Oleofine Organics Sdn Bhd. (OFM). The Joint Venture Agreement was executed for the incorporation of a new Joint Venture Company (JVC) in Thailand for the purpose of carrying on the business of manufacturing of Speciality Chemical products and supplying, exporting and distribution of such products.

The separate financial statements of the subsidiaries are also available on the website of the Company at www.fineorganics.com and will also be made available for inspection by the members at the Registered Office of the Company during business hours on all working days as required under Section 136 of the Act. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the profit of the Company for that period;

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors have prepared the annual accounts on a going concern basis;

e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Mr. Bimal Shah retires by rotation and being eligible offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice. The brief details of Mr. Bimal Shah, who is proposed to be re-appointed as required under Secretarial Standard 2 (**"SS-2"**) and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (the **"Listing Regulations"**) is being provided in the Notice convening the Annual General Meeting of the Company.

During the year under review, the Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses if any.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel ('KMP') of the Company as on March 31, 2021 are: Mr. Prakash Kamat, Chairman and Whole Time Director; Mr. Mukesh Shah, Managing Director; Mr. Jayen Shah, Whole Time Director and Chief Executive Officer; Mr. Tushar Shah, Whole Time Director and Chief Financial Officer; Mr. Bimal Shah, Whole Time Director and Ms. Pooja Lohor, Company Secretary.

NUMBER OF BOARD MEETINGS:

The Board met four times during the year under review. The maximum gap between two Board meetings did not exceed 120 days except in case of last Board Meeting of financial year 2019-20 and first meeting of financial year 2020-21 and it was during the first outbreak of COVID-19 virus when Section 144 of Indian Penal Code was imposed in the whole country. However, a one-time relaxation was

BOARD'S REPORT (Contd.)

granted by the Ministry of Corporate Affairs as per General Circular No. 11/2020 dated March 24, 2020 (details provided in the Corporate Governance Report) indicating that the maximum interval between two consecutive meetings of the Board can be up to one hundred and eighty days in the wake of the COVID-19 pandemic. The details of the Board meetings and the attendance of Directors are provided in the Corporate Governance Report forming part of the Annual Report.

COMMITTEES OF THE BOARD:

As required pursuant to the Act and the Listing Regulations, the Company has formed all the statutory committees namely, the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship Committee, the Corporate Social Responsibility Committee and the Risk Management Committee. In addition, the Company has an Executive Committee.

There have been no instances where the Board did not accept the recommendations of the Audit Committee.

Detailed information of these Committees and relevant information for the year under review are set out in the Corporate Governance Report.

DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to the provisions of Section 149(7) of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149 (6) of the Act along with Rules framed there under and Regulation 16 (1) (b) of the Listing Regulations.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD:

Pursuant to the applicable provisions of the Act and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee of the Company ('NRC') has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The performance of the Board and its functioning were evaluated based on various criteria including expertise and experience of the Board, industry knowledge, diversity, Board Meeting procedure, Board Development, succession planning, etc.

All committees of the Board were evaluated based on various criteria including their function and duties, periodical reporting to the Board along with their suggestions and recommendations and procedure of the Meetings etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated by the Independent Directors. The evaluation of Chairperson was done based on criteria which among others included managing relationship with shareholders and employees, board, management and leadership qualities. The performance of all Executive Directors as well as Independent Directors have been evaluated by whole Board based on the criteria which includes participation at Board/Committee Meetings, managing relationships with other fellow members and Senior management, personal attributes like ethics and integrity etc.

The Board and NRC reviewed the performance of the Board, its Committees and of the Directors. The same was discussed in the Board Meeting and the feedback received from the Directors on the performance of the Board and its Committees was also discussed. The Board was satisfied with the performance of the Board, Board Committees, and individual Directors.

NOMINATION AND REMUNERATION POLICY:

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

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has an adequate system of internal financial controls that is commensurate with the size, scale and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards, safeguarding of its assets, prevention and detection of errors and frauds, timely preparation of reliable financial information.

Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of the business. For more details, refer to the 'Internal control systems' section in the Management Discussion and Analysis Report, which forms part of this Annual Report.

BOARD'S REPORT (Contd.)

AUDITORS:

I. Statutory Auditors

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

The Auditors' Report does not contain any qualification, reservation or adverse remark.

II. Cost Auditors

M/s Y. R. Doshi & Associates, Cost Accountants, Mumbai (Firm Registration No. 000286) have been appointed as the Cost Auditors of the Company to audit the cost records for the Financial Year 2021-22. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders. Accordingly, a resolution seeking ratification by the members for the remuneration is listed as Item No. 5 of the AGM Notice as an Ordinary Resolution.

III. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s KS & Associates - Company Secretaries, Mumbai (Certificate of Practice Number 5163) to undertake the Secretarial Audit of the Company for the Financial Year 2021-22. Further the report of the Secretarial Auditor for the Financial Year 2020-21 is appended as **"Annexure A"** to this report.

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

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

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

RISK MANAGEMENT FRAMEWORK:

Risk Management is an integral part of the Company's operations. The Board of Directors has constituted Risk Management Committee (RMC) to identify elements of risk in different areas of operations and to develop policy for actions associated to mitigate the risks. Mechanisms for identification and prioritization of risks include scanning the business environment and continuous monitoring of internal risk factors. Major risks identified by the Company's business and functions are systematically addressed through mitigating actions on a continuing basis. A detailed note on risk management is given under financial review section of the Management Discussion and Analysis of this Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

RELATED PARTY TRANSACTIONS:

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Accordingly, the disclosure of related party transactions as required under Section 134 (3) (h) of the Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 in Form No. AOC-2 is not applicable to the Company for the F.Y. 2020-21 and hence does not form part of this report.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company has developed a CSR framework in line with Section 135 of the Companies Act, 2013 read with Schedule VII thereto which focuses on Education, Healthcare, Women Empowerment and Environment Conservation etc.

The Board of Directors has constituted Corporate Social Responsibility Policy of the Company and it is available at https://www.fineorganics.com/investor-relations/corporate-governance/policies.

The Report on Corporate Social Responsibility (CSR) including constitution of the Corporate Social Responsibility Committee and activities undertaken during the financial year 2020-21 as per Rule 8 of Companies (CSR Policy)

BOARD'S REPORT (Contd.)

Amendment Rules, 2021 is enclosed as "**Annexure B**" to this Report.

ANNUAL RETURN:

As per the requirements of Section 92 (3) of the Act and Rules framed thereunder, the annual return for the financial year 2020-21 will be available on https://www.fineorganics.com/investor-relations/compliance/annual-general-meeting-documents.

PARTICULARS OF EMPLOYEES & MANAGERIAL REMUNERATION:

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

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

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report, capturing your Company's performance, industry trends and other material changes with respect to your Company and its subsidiaries, wherever applicable, is presented in a separate section forming an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT:

A Business Responsibility Report pursuant to Regulation 34 (2) (f) of Listing Regulations is presented in a separate section forming an integral part of this Annual Report.

DIVIDEND DISTRIBUTION POLICY:

Pursuant to Regulation 43A of the Listing Regulations, the Company has adopted a Dividend Distribution Policy, setting out the parameters and circumstances that the Board will take into account, in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. A policy is available on the website of the Company and the web link thereto is:

https://www.fineorganics.com/investor-relations/corporate-governance/policies.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM:

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

PREVENTION OF SEXUAL HARASSMENT:

The Company has zero tolerance towards sexual harassment at workplace and adopted policy on Prevention of Sexual Harassment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to provide protection to the employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. The Company has not received any complaint of sexual harassment during the financial year 2020-21.

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

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

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

BOARD'S REPORT (Contd.)

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of the report other than those mentioned under any section of this Annual Report.

DEPOSITS FROM PUBLIC:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS, WHICH WOULD IMPACT THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There are no significant or material orders passed by the Regulators or Courts or Tribunals, impacting the going concern status and the Company's operations in future.

PANDEMIC:

The COVID-19 pandemic is a worldwide crisis and has meant that the economies will have to operate alongside the disease. While conducting its operations during this time, the Company strictly followed the guidelines issued by the local, state and central government for containment of the pandemic at its plants and offices.

The Company has evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no material impact on the financial results of the Company for the year ended March 31, 2021. The Company will continue to monitor any material change on its business operations and financial position resulting from the future economic conditions and uncertainty, if any caused by the COVID-19 pandemic.

ACKNOWLEDGEMENTS:

We thank for the continued support and co-operation by customers, vendors, investor, bankers, government and regulatory authorities and stock exchanges during the year under review. The Board of Directors wish to place on record its deep sense of appreciation for the committed services by all the employees of the Company.

For and On Behalf of the Board

Prakash Kamat
Executive Chairman
Mumbai: May 27, 2021

ANNEXURE A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,
The Members,
Fine Organic Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fine Organic Industries Limited**, (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31, 2021, Director's Report for the financial year ended March 31, 2021 and other records maintained by the Company and also the information provided by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents and authorized representatives as well as the Management Representations and Management Certifications made by the Company during the conduct of secretarial audit, we hereby report that in our opinion & as per our understanding & belief, the Company has, during the audit period covering the financial year ended on March 31, 2021 generally complied with the statutory provisions as mentioned hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31, 2021, Board's Report for the financial year ended March 31, 2021 and other records maintained by the Company and also the information provided by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents and authorized representatives as well as the Management Representations and Management Certifications made by the Company during the conduct of secretarial audit, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under, wherever applicable for the referred financial year;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under, wherever applicable for the referred financial year;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under, wherever applicable for the referred financial year;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable for the referred financial year;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), wherever applicable for the referred financial year:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever applicable for the referred financial year;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, wherever applicable for the referred financial year;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time, wherever applicable for the referred financial year;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, wherever applicable for the referred financial year;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, wherever applicable for the referred financial year;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)

ANNEXURE A (Contd.)

Regulations, 1993 regarding the Companies Act and dealing with client, wherever applicable for the referred financial year;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, wherever applicable for the referred financial year;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, wherever applicable for the referred financial year.

(vi) We have relied on the representation made by the Company, its Company Secretary, Compliance Officer, Board of Directors, its officers, agents & authorized representatives, Management's Representation and based on Internal Audit Reports, returns filed, Statutory Auditor's Report, Audited & signed Annual Accounts for financial year ended March 31 2021, Director's Report for the financial year ended March 31, 2021, for systems and mechanism put in place by the Company for Compliances under various other applicable Act, Laws and Regulations to the Company & we have also examined compliance with the applicable clauses of the following:

- Secretarial Standards with respect to Board and General Meetings issued by the Institute of Company Secretaries of India;
- We have also examined compliance with the applicable clauses of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited, wherever applicable for the referred financial year.

During the period under review and as per the explanations and clarifications given to us, as per draft Director's Report & the Auditor's Report for the year and as per the representation made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

The Board met four times during the year under review. The maximum gap between two Board meetings did not exceed 120 days except in case of last Board Meeting of financial year 2019-20 and first meeting of financial year 2020-21. However, it was not a non-compliance by the Company since a one-time relaxation was granted by Ministry of Corporate Affairs vide the General Circular No. 11/2020 dated March 24, 2020 indicating that the maximum interval between two consecutive meetings of the Board was allowed to be one hundred and eighty days and SEBI, vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 also provided a relaxation to all the Listed Entities from adhering to the maximum interval of one hundred and twenty days between the two meetings in the wake of the COVID-19 pandemic.

The Company was required to spend ₹ 398.35 lakhs towards Corporate Social Responsibility (CSR) for the financial year 2020-21. In addition to the above amount, the Company also needed to spend the unspent amount of previous financial years amounting to ₹ 327.50 lakhs. Out of the above, during the year, the Company has spent ₹ 3,21,37,992/- towards CSR projects till March 31, 2021 & transferred ₹ 4,04,46,715/- to the separate bank account for the unspent CSR amount, for the ongoing projects.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors & Woman Director.
- Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period, the Company had some of the following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

- In the board meeting dated June 27, 2020, the Board declared final dividend, for the financial year 2019-20, of ₹ 3 per equity share of ₹ 5 each.

ANNEXURE A (Contd.)

- In the Annual General Meeting dated September 18, 2020, the Shareholders of the Company approved declaration of final dividend of ₹ 3 per equity share of ₹ 5 each, for the financial year 2019-20.
- In the Annual General Meeting dated September 18, 2020, the shareholders approved ratification of the appointment of Mr. Tushar Shah (DIN: 00107144), Whole time Director of the Company for the remaining period of his tenure.

For KS & Associates,
Company Secretaries

Kartik Shah
C.P. No. 5163
Membership No. 5732
Peer Review Certificate No.: 1225/2021
UDIN: F005732C000383868

Mumbai: May 27, 2021

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

ANNEXURE 'A' TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
Fine Organic Industries Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices that followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have discussed & relied on the Management Representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis and based on Management Representations, certificate received from the Authorized Officers & Management of the Company & other documents received for applicability of relevant acts, registrations there under. During the financial year 2020-21, the Company intimated to stock exchanges regarding the letter received from state pollution control board and the reply of the Company updating that the operations of the Company are carried in compliance with applicable laws and to the satisfaction of relevant regulations.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KS & Associates,
Company Secretaries

Kartik Shah
C.P. No. 5163
Membership No. 5732
Peer Review Certificate No.: 1225/2021
UDIN: F005732C000383868

Mumbai: May 27, 2021

ANNEXURE B

ANNUAL REPORT ON CSR ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

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

2. COMPOSITION OF THE CSR COMMITTEE

Sr. No.	Name of the Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
I.	Mr. Jayen Shah	Chairman of the Committee / Whole Time Director and Chief Executive Director	3	3
II.	Mr. Prakash Apte	Member of the Committee / Independent Director	3	3
III.	Mr. Kaushik Shah	Member of the Committee / Independent Director	3	3
IV.	Mr. Mukesh Shah	Member of the Committee / Managing Director	3	3
V.	Mr. Tushar Shah	Member of the Committee / Whole Time Director and Chief Financial Officer	3	3

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

The web-link where composition of CSR Committee is disclosed on the website is-

https://www.fineorganics.com/investor-relations/corporate-governance/board-of-directors-and-committees

The web-link where CSR policy is disclosed on the website is-

https://www.fineorganics.com/investor-relations/corporate-governance/policies

The web-link where CSR Projects are disclosed on the website is-

https://www.fineorganics.com/investor-relations/corporate-social-responsibility

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT)

Not Applicable.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Not Applicable.

Sr. no.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to set-off for the financial year, if any (in ₹)
NA	NA	NA	NA

ANNEXURE B (Contd.)

6. **AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5) :** ₹ 19,917.45 lakhs

7. (A) **TWO PERCENT OF THE AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):** ₹ 398.35 lakhs

   (B) **SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS:** NIL

   (C) **AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY:** NIL

   (D) **TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR (7A+7B-7C):** ₹ 398.35 lakhs
   (In addition to the above amount, the Company also needs to spend the unspent amount of previous financial years amounting to ₹ 327.50 lakhs).

8. (a) **CSR amount spent or unspent for the financial year**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in ₹)	Date of Transfer	Name of the fund	Amount	Date of Transfer
*3,21,37,992	#4,04,23,120	April 16, 2021	NA	NA	NA
	#23,595	April 30, 2021	NA	NA	NA

*Out of the total amount spent during the F.Y. 2020-21, ₹ 2,42,20,155 pertains to the reporting financial year viz., FY 2020-21 and ₹ 79,17,837 has been spent out of the previous financial years unspent CSR obligation.

#Out of the total amount transferred to Unspent CSR Account, ₹ 1,56,14,845 pertains to the ongoing projects of the reporting financial year viz., F.Y. 2020-21 and ₹ 2,48,31,870 pertains to the previous financial years' CSR obligation.

(b) (i) **Details of CSR amount spent against ongoing projects for the financial year**

1	2	3	4	5		6	7	8	9	10	11	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation-Direct (Yes/ No)	Mode of Implementation - Through implementing agency	
				State	District						Name	CSR Registration number
1	Dr. Anandibai Joshi Nursing Training Course	Promoting gender equality, empowering women	No	Maharashtra	Palghar	2 Years	8,40,000	4,20,000	4,20,000	No	Mauli Shikshan Prasarak Mandal	CSR00010216
2	Skill Development Centre	Promotion of education	No	Maharashtra	Pune	3 Years	2,50,00,000	0	2,50,00,000	No	Indo Swiss Centre of Excellence	CSR00002072
3	Support to Pediatric Oncology Department	Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	2 Years	5,00,000	0	5,00,000	No	TATA Memorial Centre	CSR00001287
4	Supporting old age home	Setting up old age homes	Yes	Maharashtra	Thane	2 Years	5,00,000	0	5,00,000	No	Kamaldham Old Age Home	CSR00008298
5	Modernisation of Tailoring Unit	Promoting gender equality, empowering women	Yes	Maharashtra	Mumbai	2 Years	2,65,000	0	2,65,000	No	Naigaum Social Service Society	CSR00000681

ANNEXURE B (Contd.)

1	2	3	4	5		6	7	8	9	10	11	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation-Direct (Yes/ No)	Mode of Implementation - Through implementing agency	
				State	District						Name	CSR Registration number
6	Development of Girls' Hostel	Promotion of education	No	J&K	Jammu	2 Years	15,00,000	0	15,00,000	No	Borderless World Foundation	CSR00002223
7	Srihari Satsang Samiti Rural Education	Promotion of education	No	Jharkhand	Ramgarh	2 Years	22,00,000	11,00,000	11,00,000	No	Shrihari Satsang Samiti Mumbai (Cultural Society For Tribals)	CSR00003396
8	Support to hospital for Cancer Patients	Promoting health care including preventive health care	Yes	Maharashtra	Thane	2 Years	83,61,715	0	83,61,715	No	Sri Chaitanya Seva Trust (Bhaktivedanta Hospital)	CSR00001017
	Sub Total (8) (b)(i)						**3,91,66,715**	**15,20,000**	**3,76,46,715**			

(b) (ii) Details of CSR amount spent during the financial year against ongoing projects approved during the preceding financial year(s)

1	2	3	4	5		6	7	8	9	10	11	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation-Direct (Yes/ No)	Mode of Implementation - Through implementing agency	
				State	District						Name	CSR Registration number
1	Institute of Chemical Technology (ICT) – Creating and refurbishing of Classrooms and laboratory	Contribution to Autonomous Bodies funded by Central Government or State Government	Yes	Maharashtra	Mumbai	3 Years	86,04,340	3,59,312	0	Yes	NA	NA
2	Development of Vocational Training centre	promotion of education for differently abled	No	Maharashtra	Ratnagiri	3 Years	50,00,000	38,00,000	0	No	Aavishkar Society for Development of Mentally Handicapped	CSR00011360
3	Infrastructural Development	promotion of education for differently abled	Yes	Maharashtra	Raigad	2 Years	25,08,525	25,08,525	0	Yes	NA	NA

ANNEXURE B (Contd.)

1	2	3	4	5		6	7	8	9	10	11	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation-Direct (Yes/ No)	Mode of Implementation - Through implementing agency	
				State	District						Name	CSR Registration number
4	Education to slums children	promotion of education	No	Gujarat	Rajkot	3 Years	25,00,000	12,50,000	12,50,000	No	Vishwanidan Trust	CSR00006907
5	Supporting Rural Education	promotion of education	No	Gujarat	Ahme-dabad	3 Years	31,00,000	0	15,50,000	No	Samvedana Trust	CSR00006614
	Total (8)(b)(ii)						**2,17,12,865**	**79,17,837**	**28,00,000**			
	Grand Total (8)(b) = (8)(b)(i)+ (8)(b)(ii)						**6,08,79,580**	**94,37,837**	**4,04,46,715**			

(c) Details of CSR amount spent against other than ongoing projects for the financial year

1	2	3	4	5		6	7	8	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Imple-mentation-Direct (Yes/No)	Mode of Implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Parivaar Seva Kutirs	Eradicating extreme hunger and poverty; and promotion of education	No	Madhya Pradesh	Dewas, Sehore, and Mandla	62,50,000	No	Parivaar Education Society	CSR00000052
2	Support to primary health clinic	promoting health care including preventive health care	No	West Bengal	Howrah	20,00,000	No	Samaritan Help Mission	CSR00000896.
3	Mahatma Gandhi Hospital for Tribals	promoting health care including preventive health care	No	Maharashtra	Amravati	15,00,000	No	Mahan Trust	CSR00000414
4	Supporting school for tribal children	eradicating extreme hunger and poverty; promotion of education;	No	Gujarat	Navsari	20,00,000	No	Malvi Educational and Charitable Trust	CSR00003450
5	Support to Children Home	promoting education and health care	No	Orissa	Bhubaneshwar	15,00,000	No	Adruta Children Home (A Unit of RAWA Academy)	CSR00002778
6	Supporting Dhanvantri School	promotion of education for differently abled	No	Gujarat	Bhuj	12,75,000	No	The Child Welfare Trust	CSR00007706
7	Higher School Merit Scholarship	promotion of education	Yes	Maharashtra	Mumbai	10,00,000	No	Ghatkopar South Indian Educational Trust	Registration in process

ANNEXURE B (Contd.)

1	2	3	4	5		6	7	8	
Sr. no	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Imple-mentation-Direct (Yes/No)	Mode of Implementation - Through implementing agency	
				State	District			Name	CSR Registration number
8	Covid Relief Activities	Eradicating extreme hunger and poverty; and promoting health care including preventive health care	No	Maharashtra	Mumbai	15,73,903	Yes	NA	NA
9	Maternal Child Health Care	promoting health care including preventive health care and sanitation	No	Gujarat	Valsad	7,50,000	No	Action Research In Community Health & Development (ARCH)	CSR00003729.
10	Education to slum children's	promotion of education	Yes	Maharashtra	Mumbai	5,00,000	No	Logic Centre and Community Welfare Association Mumbai	CSR00003249.
11	Support girls shelter home	promotion of education; promoting gender equality, empowering women	No	Maharashtra	Pune	8,00,000	No	MAHER	CSR00001098.
12	Fighting Cataract Backlog in Western Odisha	promoting health care	No	Orissa	Sambalpur	5,00,000	No	Vision India Foundation	CSR00006853
13	Rise And Shine Child Development Centre	promoting education and health care	Yes	Maharashtra	Mumbai	10,00,000	No	Shri Ghatkopar Brahman Samaj	CSR00008092
14	Support to Residential school for Tribals	promotion of education	No	Gujarat	Valsad	2,50,000	No	Avalkhandi Kelvani Trust	CSR00003306.
15	Support to Vocational Training Program for youths	promoting gender equality, empowering women	Yes	Maharashtra	Mumbai	1,50,000	No	Dharma Bharathi Mission (Navashrushti International Trust)	CSR00004550.
16	Infrastructure development for specially challenged home	promoting health care including preventive health care and sanitation	Yes	Maharashtra	Mumbai	4,01,252	No	House of Charity	Registration in process
17	Supporting Education Initiatives	promotion of education	Yes	Maharashtra	Mumbai	2,50,000	No	Jeevan Dhara	CSR00006154
18	Residential School for Nomadic & Denotified tribes	promotion of education	No	Gujarat	Ahmedabad	10,00,000	No	Vicharta Samuday Samarthan Manch	CSR00001129.
	Total					**2,27,00,155**			

ANNEXURE B (Contd.)

(d) **Amount spent in administrative Overheads:** Nil

(e) **Amount spent on Impact Assessment, if applicable:** Not applicable

(f) **Total amount spent for the financial year:** * ₹ 3,21,37,992/-
(8b+8c+8d+8e)

*Out of the total amount spent during the F.Y. 2020-21 ₹ 2,42,20,155 pertains to the reporting financial year viz., F.Y. 2020-21 and ₹ 79,17,837 has been spent out of the previous financial years unspent CSR obligation.

(g) **Excess amount for set-off, if any:** Not applicable

Sr. no.	Particulars	Amount (In ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	NA
(ii)	Total amount spent for the Financial Year	NA
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years

Sr. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	2017-18	NA	Nil	NA	NA	NA	2,16,50,000
2	2018-19	NA	33,00,000	NA	NA	NA	4,46,60,000
3	2019-20	NA	4,54,66,293	NA	NA	NA	3,27,49,707

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

1	2	3	4	5	6	7	8	9
Sr. no	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project Duration**	**Total amount allocated for the project (in ₹)**	**Amount spent on the project in the reporting Financial Year (in ₹)**	**Cumulative amount spent at the end of the reporting Financial Year (in ₹)**	**Status of the Project - Completed/ Ongoing**
1	Institute of Chemical Technology (ICT)	Creating and refurbishing of Classrooms and laboratory	2018-2019	3 Years	86,04,340	3,59,312	86,04,340	Completed
2	Aavishkar Society for Development of Mentally Handicapped	Development of Vocational Training centre	2018-2019	3 years	50,00,000	38,00,000	50,00,000	Completed
3	Suhit Jeevan Trust	Infrastructural Development	2019-2020	2 years	25,08,525	25,08,525	25,08,525	Completed
4	Vishwanidan Trust	Education to slums children	2019-2020	3 years	25,00,000	12,50,000	12,50,000	Ongoing
5	Samvedana Trust	Supporting Rural Education	2019-2020	3 years	31,00,000	0	15,50,000	Ongoing
	Total					**79,17,837***		

* The said amount has been spent out of the committed CSR obligation of the previous financial years on projects which had durations of 2-3 years.

ANNEXURE B (Contd.)

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**
    - (a) **Date of creation or acquisition of the capital asset(s) :** Not applicable
    - (b) **Amount of CSR spent for creation or acquisition of capital asset :** Not Applicable
    - (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:** Not Applicable
    - (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):**Not Applicable
11. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

Mukesh Shah
Managing Director
(Member of CSR Committee)

Jayen Shah
Chairman of CSR Committee

Mumbai: May 27, 2021

ANNEXURE C

Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2020-21:

Sr. No	Name	Designation	Ratio of remuneration of director to the median remuneration	% increase/ (decrease)
1	Mr. Prakash Kamat	Executive Chairman and Whole Time Director	52.33	9.09
2	Mr. Mukesh Shah	Managing Director	52.33	9.09
3	Mr. Jayen Shah	Whole Time Director and Chief Executive Officer	52.33	9.09
4	Mr. Tushar Shah	Whole Time Director and Chief Financial Officer	52.33	9.09
5	Mr. Bimal Shah	Whole Time Director	52.33	9.09
6	Mr. Prakash Apte	Independent Director	1.94	262.71
7	Mr. Kaushik Shah	Independent Director	1.86	345.65
8	Mr. Mahesh Sarda	Independent Director	1.78	308.33
9	Mr. Parthasarathi Thiruvengadam	Independent Director	1.86	469.44
10	Ms. Pratima Umarji	Independent Director	1.67	384.21
11	Ms. Pooja Lohor	Company Secretary	-	7.54

Notes:

- Remuneration to Independent directors includes sitting fees paid for the year 2020-21 and commission to be paid for the year 20-21 subject to approval of shareholders in the AGM.
- Number of permanent employees on the rolls of the Company as on March 31, 2021: 723
- The remuneration to Directors is within the overall limits approved by the shareholders. - Yes
- The median remuneration is ₹ 5.50 Lakhs for the financial year 2020-21.
- The percentage increase in the median remuneration of employees in the financial year 2020-21 is 3.39%.
- Employee whose remuneration was in excess of the remuneration of the highest paid Director during the financial year 2020-21. - None

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

	% change in remuneration
Average increase in salary of employees (other than managerial personnel)	10.17
Average increase in remuneration of managerial personnel	10.05

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

For and on behalf of Board

Prakash Kamat
Executive Chairman
Mumbai: May 27, 2021

ANNEXURE D

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOR YEAR 2020 – 2021

ENERGY CONSERVATION:

1) Granulator with latest Technology introduced to get following advantages:

This advanced technology is capable to offer dual output of Powder & Granules; therefore, proves to be beneficial over conventional expensive production process.

Improved drying air contact efficiency attained in this technology results in effective heat energy saving of approximately around 10% to 12%.

Furthermore, there are multiple key features including lower initial installation cost compared to traditional expensive equipment due to impressive compact design; built-in specially designed bag filters ensuring cleaner emissions in the atmosphere, additionally eliminating the wet scrubbing equipment & thereby, accomplishing considerable water-saving; and also allowing condensation of water that can enable maximum recycling and reuse leading to conservation of water resource.

2) Water Conservation:

Implementation of Rain Water Harvesting system so as to save & reuse the rain water during monsoon period. This initiative enables us to save the precious resources like water.

Recycling and Reuse of treated waste water within the facility leads to conservation of water resources. Steps are taken to reduce water consumption in our facilities.

TECHNOLOGY ABSORPTION:

1) Introduction of New Designed machinery:

Provision of high efficiency ATFD with a full-fledged ETP system to achieve ZLD leading to saving of 20-25% of energy as compared to conventional evaporation system.

2) Tanker Unloading Verification (TuV) workflow:

The Raw material coming to any manufacturing facility in Bulk shipments i.e. in Tankers, requires proper documentations, QC checks & approval, unloading of material to dedicated tanks, maintain the documents & ensuring the traceability. This entire process requires a lot of manpower as well as man-hours and number of documents / paper work.

To improvise the overall operational efficiency of this system, we decided to develop an e-platform which we call as **"TuV workflow"**, and it enabled us to minimize man-hours, reduce human intervention & remove paper-based working.

It offers benefits such as –

1. No need to fill hard copy form in triplicate thereby saves papers.
2. No human movement involved to get the form updated from inward, QC & Production thereby saves man hours significantly.
3. No follow up & dependency within inward office, QC and Production personnel due to auto trigger emails.
4. Retrieval of data became easy in form of ready report.
5. Print option is available at any point of time (if required).
6. Can be extended easily at new site after mapping case to case changes.

Expenditure incurred on Research and Development of the Company during financial year 2020-21:

(₹ in lakhs)

Capital	38.41
Recurring	463.20
Total	**501.61**

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings and outgo during financial year 2020-21 are as follows:

(₹ in lakhs)

Foreign Exchange Earnings and Outgo	As at March 31, 2021	As at March 31, 2020
Foreign Exchange Outgo	20,601.61	20,376.27
Foreign Exchange Earnings	60,851.74	55,518.93

FORM AOC-1

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

PART A SUBSIDIARIES

(₹ in lakhs)

Sr. No.	Name of Subsidiary Company	Fine Organics (USA), Inc.	Fine Organics Europe BV
1	The date since when subsidiary was acquired	July 29, 2013	February 10, 2016
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period. (Financial Year ended on)	December 31, 2020	December 31, 2020
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	USD 73.50	EURO 86.10
4	Share Capital	0.63	14.31
5	Reserves and Surplus	(24.35)	683.63
6	Total Assets	940.32	2,070.66
7	Total Liabilities	964.04	1,372.72
8	Investments	-	-
9	Turnover	2,169.21	4,412.95
10	Profit Before Taxation	16.17	392.39
11	Provision for Taxation	-	52.27
12	Profit After Taxation	16.17	340.12
13	Proposed Dividend	-	-
14	Extent of Shareholding (in Percentage)	100%	99.46%

Notes:

1. Names of Subsidiaries which are yet to commence operations: N.A
2. Names of Subsidiaries which have been liquidated or sold during the Year: N.A
3. The management certified unaudited accounts of "Fine Organics (USA) Inc." and "Fine Organics Europe BV" for the year ended March 31, 2021 has been considered for preparation of consolidated financial statements of the Company for 2020-21. Accordingly, the above mentioned figures are as per the Financial Statements for FYE March 31, 2021.

PART B ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to associate Companies and joint ventures.

(₹ in lakhs)

Sr. No.	Name of Associates or Joint Ventures	Fine Zeelandia Private Limited	FineADD Ingredients GmbH
1.	Latest Audited Balance Sheet date	March 31, 2021	December 31, 2020
2.	Date on which the associate or joint venture was associated or acquired	December 1, 2014	May 30, 2018
3.	No. shares of associate or joint ventures held by the Company on the year end	40,284,250	2,500
I.	Amount of investment in associates or joint venture	4,028.43	120.73
II.	Extent of holding (in percentage)	50%	50%
4.	Description of how there is significant influence	Joint Venture	Joint Venture
5.	Reason why the associate/joint venture is not consolidated	Consolidated	Consolidated
6.	Net worth attributable to shareholding as per latest audited balance sheet	6,266.01	26.29
7.	Profit or (Loss) for the year	(261.99)	(146.45)
I.	Considered in consolidation	(130.45)	-
II.	Not considered in consolidation	-	(73.22)

1. Names of Associates or Joint Ventures which are yet to commence operations: FineADD Ingredients GmbH.
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year: N.A.
3. The management certified unaudited accounts of "FineADD Ingredients GmbH" for the year ended March 31, 2021 has been considered for preparation of consolidated financial statements of the Company for the FY 2020-2021. Accordingly, the above mentioned figures are as per the Financial Statements for FYE March 31, 2021. Further, the Group has not considered the losses in excess of its investment in the Joint Venture.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY

The Company is committed to good Corporate Governance and believes that the Company's essential character is shaped by the values of transparency, customer satisfaction, integrity, professionalism and accountability. The Company continuously endeavours to improve on these aspects. At Fine Organics, the Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company and create long-term value for our stakeholders. The Company continuously makes efforts towards strong and good corporate governance.

The Compliance Report on Corporate Governance herein signifies adherence by the Company of all mandatory requirements of Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

II. BOARD OF DIRECTORS

(a) Composition and Category of Directors

The Board of Directors of the Company comprises ten Directors, of which five are Executive Directors and five Independent Directors. Out of five independent directors, one independent director is a woman director. In the opinion of the Board, all Independent Directors fulfill the criteria of independence as prescribed in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act and rules framed there under. There are no Nominee Directors representing any institution on the Board of the Company.

The Board of Directors of the Company is an ideal mix of knowledge, perspective, expertise, divergent thinking and experience. The profile of each of the Directors can be found on https://www.fineorganics.com/investor-relations/corporate-governance. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 read with the Rules issued there under.

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

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees [Committees being, Audit Committee and Stakeholders Relationship Committee] across all the Indian public limited companies in which he/she is a Director. All the Directors have periodically made necessary disclosures regarding their Directorship and Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public limited companies (as specified in Section 165 of the Companies Act, 2013) and Director in more than 7 listed entities (as specified in Regulation 17A of the Listing Regulations). The Directors on the Board of the Company do not serve as Independent Directors in more than seven Listed Companies or in case if they are serving as a Whole Time Director in any Listed Company, they do not hold such position in more than three Listed Companies.

(c) Number of Board Meetings

During the financial year ended on March 31, 2021, four board meetings were held on June 27, 2020, August 12, 2020, November 2, 2020 and February 12, 2021. The maximum interval between any two meetings was well within the maximum allowed gap of one hundred and twenty days except the interval between the last meeting of financial year 2019-20 i.e. February 11, 2020 and first meeting of financial year 2020-21 i.e. June 27, 2020 was 136 days which exceeded the maximum interval of 120 days due to the lockdown announced during outbreak of COVID-19 pandemic when Section 144 of Indian Penal Code was imposed in the whole Country. However, a one-time relaxation was granted by Securities and Exchange Board of India (SEBI), vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 and Ministry of Corporate Affairs (MCA) vide the General Circular No. 11/2020 dated March 24, 2020 indicating that the maximum interval between two consecutive meetings of the Board was allowed to be one hundred and eighty days. The 18th Annual General Meeting (AGM) of the Company was held

CORPORATE GOVERNANCE REPORT (Contd.)

on September 18, 2020 through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in accordance with the relevant circulars issued by the MCA and SEBI.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last AGM, name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2021 are given herein below.

Sr. No.	Name of the Director	Category	Number of Board Meetings attended during F.Y. 2020-21	Whether attended last AGM held on September 18, 2020	No of Directorships in other public limited companies	*No of committee positions held in other public limited companies		Directorship in other listed entity (Category of Directorship)
						Chairman	Member	
1	Mr. Prakash Kamat (Chairman) (DIN:00107015)	Promoter and Executive Director	4	Yes	-	-	-	-
2	Mr. Mukesh Shah (Managing Director) (DIN:00106799)	Promoter and Executive Director	4	Yes	-	-	-	-
3	Mr. Jayen Shah (Chief Executive Officer) (DIN:00106919)	Promoter and Executive Director	4	Yes	-	-	-	-
4	Mr. Tushar Shah (Chief Financial Officer) (DIN:00107144)	Promoter and Executive Director	4	Yes	-	-	-	-
5	Mr. Bimal Shah (DIN:03424880)	Promoter and Executive Director	4	Yes	-	-	-	-
6	Mr. Prakash Apte (DIN:00196106)	Non-Executive, Independent Director	4	Yes	3	2	2	1) Kotak Mahindra Bank Limited (Independent Director)
7	Mr. Kaushik Shah (DIN:00124756)	Non-Executive, Independent Director	4	Yes	-	-	-	-
8	Mr. Mahesh Sarda (DIN:00023776)	Non-Executive, Independent Director	4	Yes	1	-	1	-
9	Mr. Thiruvengadam Parthasarathi (DIN:00016375)	Non-Executive, Independent Director	4	Yes	4	-	2	1) Centum Electronics Limited (Independent Director) 2) Western India Plywoods Limited (Non-Executive Director)
10	Ms. Pratima Umarji (DIN:05294496)	Non-Executive, Independent Woman Director	4	Yes	-	-	-	-

*For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the Listing Regulations.

CORPORATE GOVERNANCE REPORT (Contd.)

(d) Board Procedure

The required information, including the minimum information as enumerated in Part A of Schedule II of the Listing Regulations is made available to the Board of Directors for discussions and consideration at Board Meetings. A detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed Notes and Presentations, if any, is sent to each Director at least seven days before the date of the Board Meeting(s) and of the Committee Meeting(s). The Board meets at least once in a quarter to review financial results and operations of the Company and also to discuss business strategies and overall development of the business. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of the Company. We provide video/teleconferencing facilities to enable their participation. The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company.

In compliance with the relaxations granted by the MCA due to the outbreak of Covid-19, the Company has also conducted its Board and Committee Meetings through video conferencing during the year.

(e) Performance Evaluation of Board and its Committees

Evaluation of performance of all Directors is undertaken annually. The Company has implemented a system of evaluating performance of the Board of Directors as a whole and of its Committees and Non-Executive Directors on the basis of a structured questionnaire which comprises evaluation criteria based on the Guidance Note on Board Evaluation issued by SEBI. The Nomination and Remuneration Committee of the Company ('NRC') has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The performance of the Board and its functioning were evaluated based on various criteria including expertise and experience of the Board, industry knowledge, diversity, Board Meeting procedure, Board Development, succession planning, etc.

All committees of the Board were evaluated based on various criteria including their function and duties, periodical reporting to the Board alongwith their suggestions and recommendations and procedure of the Meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated by the Independent Directors. The evaluation of Chairperson was done based on criteria which among others included managing relationship with shareholders and employees, board, management and leadership qualities. The performance of all Executive Directors as well as Independent Directors have been evaluated by whole Board based on the criteria which includes participation at Board/Committee Meetings, managing relationships with other fellow members and senior management, personal attributes like ethics and integrity etc.

(f) Independent Directors

Independent Directors play a key role in the decision making process of the Board and in shaping various strategic initiatives of the Company. The wide knowledge in their respective fields of expertise and best-in-class boardroom practices help foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

An Independent Director is the Chairperson of each of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

The Company affirms that it has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the SEBI Listing Regulations and are independent of the management.

Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of

the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs ('IICA').

(g) Meetings of Independent Directors

The Company's Independent Directors met on March 23, 2021 without the presence of Non-Independent Directors or members of Management. At this meeting, the Independent Directors reviewed the following:

- the performance of non-independent directors and the Board as a Whole;
- the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

They also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Chairman of the meeting of the Independent Directors presented views of the Independent Directors to the Chairman of the Company.

(h) Familiarization Programme

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

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

Global Business	Understanding various geographical markets, Business development, Identifying and working towards global market opportunities, Expanding existing opportunities, Developing robust sales and marketing teams, Identifying and developing new products, customers and markets, Experience in strategy & business management, Merger and acquisitions, Strategic directions to the management, Branding, Understanding the macro-economic environment, Having adequate knowledge of the regulations & legislations of the markets in which the business operates.
Technology	Product Development, process technology, leading research and development, Develop applications for existing and new products.
Finance	Financial management, managing Financial systems, Financial reporting process, internal financial control, capital allocation, principal controller, Capex management.
Leadership	Guiding and leading management teams to make decisions in uncertain environments, project management, strategic planning, risk management, legal, effective communication, Awareness of business process, Developing talent, integrity, building relations, innovation, developing leadership skills, planning successions, high quality operations management.
Corporate Governance	Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
Personal Values	Personal characteristics matching the Company's values, such as integrity, accountability, and high performance standards.

CORPORATE GOVERNANCE REPORT (Contd.)

Sr. No	Name of the Directors	Global Business and Strategy	Technology	Finance	Leadership	Corporate Governance	Personal Values
1	Mr. Prakash Kamat	✓	✓		✓	✓	✓
2	Mr. Mukesh Shah	✓	✓		✓	✓	✓
3	Mr. Jayen Shah	✓	✓		✓	✓	✓
4	Mr. Tushar Shah	✓		✓	✓	✓	✓
5	Mr. Bimal Shah	✓	✓		✓	✓	✓
6	Mr. Prakash Apte	✓		✓	✓	✓	✓
7	Mr. Mahesh Sarda	✓		✓	✓	✓	✓
8	Mr. Thiruvengadam Parthasarathi	✓		✓	✓	✓	✓
9	Ms. Pratima Umarji				✓	✓	✓
10	Mr. Kaushik Shah	✓		✓	✓	✓	✓

These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

(j) Inter - Se Relationship Between Directors:

i. Mr. Mukesh Shah is father of Mr. Bimal Shah;

ii. Mr. Mukesh Shah is uncle of Mr. Jayen Shah and Mr. Tushar Shah;

iii. Mr. Jayen Shah and Mr. Tushar Shah are Brothers.

iv. Mr. Bimal Shah is Cousin Brother of Mr. Jayen Shah and Mr. Tushar Shah

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

(k) Details of equity shares of the Company held by the Directors as on March 31, 2021 are given below:

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

Apart from the above Directors, no other Director holds any shares of the Company.

(l) Code of Conduct:

The Company has a defined code of conduct for its Directors and Senior Management Personnel and the same is uploaded on the website, web-link of which is https://www.fineorganics.com/images/stories/download/Investors/Corporate_Governance/Policies/Code_of_Conduct_for_Board_of_Directors_and_Senior_Management_Personnel.pdf

As on March 31, 2021, all the Board Members and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct.

III. COMMITTEES OF THE BOARD OF DIRECTORS

The Company is in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations with regard to constitution of the Board Committees. Composition, terms of reference and duties and responsibilities of each of the Board Committee is based on the provisions of the Companies Act, 2013 and the Listing Regulations.

The Board Committees play a crucial role in the governance structure of the Company and they deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees.

CORPORATE GOVERNANCE REPORT (Contd.)

The recommendations of the Committees are submitted to the Board for approval. Minutes of proceedings of the Committee meetings are circulated to the respective Committee members of the Board and placed before Board meeting for noting.

There are six Board Committees as on March 31, 2021, which comprises five statutory committees and one other committee that has been formed, considering the needs of the Company, details of which are as follows:

Name of the Committee	Extract of Terms of Reference:	Composition & Meeting Details
Audit Committee	1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible; 2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company; 3. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to: (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act; (b) Changes, if any, in accounting policies and practices and reasons for the same; (c) Major accounting entries involving estimates based on the exercise of judgment by management; (d) Significant adjustments made in the financial statements arising out of audit findings; (e) Compliance with listing and other legal requirements relating to financial statements; (f) Disclosure of any related party transactions; and (g) Modified opinion(s) in the draft audit report. 4. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval; 5. Approval or any subsequent modifications of transactions of the Company with related parties; 6. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances; 7. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems; 8. Discussing with internal auditors on any significant findings and follow up there on.	**Name of Directors** / **No. of Meetings attended** Mr. Mahesh Sarda (Chairman): 8 Mr. Prakash Apte: 8 Mr. Kaushik Shah: 8 Mr. Thiruvengadam Parthasarathi: 8 Mr. Jayen Shah: 8 Mr. Tushar Shah: 8 The Committee met eight times during the year under review. The Committee meetings were held on June 26, 2020, June 27, 2020, August 11, 2020, August 12, 2020, November 2, 2020, December 14, 2020, February 11, 2021 and February 12, 2021. The maximum interval between any two meetings was well within the maximum allowed gap of one hundred and twenty days except the interval between the last meeting of financial year 2019-20 i.e. February 11, 2020 and first meeting of financial year 2020-21 i.e. June 26, 2020 was 135 days which exceeded the maximum interval of 120 days due to the lockdown announced during outbreak of COVID-19 pandemic when Section 144 of Indian Penal Code was imposed in the whole country. However, a one-time relaxation was granted by SEBI vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 providing a relaxation to all the Listed Entities from adhering to the maximum interval of one hundred and twenty days between the two meetings in the wake of the COVID-19 pandemic. On the invitation of the Committee the representatives of Finance Department, the Statutory Auditors and Internal Auditors and in certain cases, the plant heads (operations) were present in its meeting. The previous AGM of the Company was held on September 18, 2020 and was attended by Mr. Mahesh Sarda, Chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT (Contd.)

<table>
<tr><th>Name of the Committee</th><th>Extract of Terms of Reference:</th><th>Composition & Meeting Details</th></tr>
<tr><td>Nomination And Remuneration Committee</td><td>1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.</td><td><table><tr><th>Name of Directors</th><th>No. of Meetings attended</th></tr><tr><td>Mr. Thiruvengadam Parthasarathi (Chairman)</td><td>4</td></tr><tr><td>Ms. Pratima Umarji</td><td>4</td></tr><tr><td>Mr. Mahesh Sarda</td><td>4</td></tr><tr><td>Mr. Prakash Kamat</td><td>4</td></tr></table>The Committee met four times during the year under review. The Committee meetings were held on June 20, 2020, June 26, 2020, October 21, 2020 and March 25, 2021.
The performance evaluation of Independent Directors was based on various criteria, inter alia, including attendance at Board and Committee Meetings, skill, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends, etc. During the year under review, the Committee ascertained and reconfirmed that the deployment of "questionnaire" as a methodology is effective for evaluation of performance of Board and Committees and Individual Directors.
The previous AGM of the Company was held on September 18, 2020 and was attended by Mr. Thiruvengadam Parthasarathi, Chairman of the Nomination and Remuneration Committee.</td></tr>
<tr><td>Corporate Social Responsibility Committee</td><td>1. To formulate and recommend to our Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken;
2. To recommend the amount of expenditure to be incurred on the CSR activities;
3. To monitor the CSR Policy and its implementation by the Company from time to time;
4. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.</td><td><table><tr><th>Name of Directors</th><th>No. of Meetings attended</th></tr><tr><td>Mr. Jayen Shah (Chairman)</td><td>3</td></tr><tr><td>Mr. Prakash Apte</td><td>3</td></tr><tr><td>Mr. Kaushik Shah</td><td>3</td></tr><tr><td>Mr. Mukesh Shah</td><td>3</td></tr><tr><td>Mr. Tushar Shah</td><td>3</td></tr></table>The Committee met three times during the year under review. The Committee meetings were held on June 19, 2020, December 16, 2020 and February 25, 2021.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Committee	Extract of Terms of Reference:	Composition & Meeting Details
Stakeholders Relationship Committee	1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. 2. Review of measures taken for effective exercise of voting rights by shareholders. 3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent. 4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company. 5. Issue of duplicate certificates and new certificates on split/ consolidation/renewal;	**Name of Directors** / **No. of Meetings attended** Ms. Pratima Umarji (Chairperson): 4 Mr. Prakash Apte: 4 Mr. Kaushik Shah: 4 Mr. Mukesh Shah: 4 Mr. Jayen Shah: 4 Mr. Tushar Shah: 4 The Committee met four times during the year under review. The Committee meetings were held on June 19, 2020, August 11, 2020, November 2, 2020 and February 11, 2021.
Risk Management Committee	1. Framing, implementing, monitoring and reviewing Risk Management plan, policies, system and framework of the Company. 2. Validating, evaluating and monitoring key risks including strategic, operational, financial, cyber security and compliance risks; 3. Reviewing the measures taken for risk management and mitigation plan and monitor effectiveness thereof; 4. Carrying out all the functions as is mandated by the Board from time to time and / or enforced by and statutory notification, amendment or modification as may be applicable.	**Name of Committee Members** / **No. of Meetings attended** Mr. Prakash Apte (Chairman): 3 Mr. Thiruvengadam Parthasarathi: 3 Mr. Jayen Shah: 3 Mr. Nikhil Kamat: 3 Ms. Sonali Bhadani: 3 The Committee met three times during the year under review. The Committee meetings were held on June 20, 2020, September 21, 2020 and January 22, 2021. All the Committee members were present for all the meetings.
Executive Committee	1. To approve opening and/or closing of bank account(s) with any bank and making necessary changes in the operations of the existing bank accounts. 2. To authorize the Company's officials to execute, sign, submit and file any applications, affidavits, undertakings or any other writings before any Magistrate, Court of Law, Tribunal, Government Authorities and judicial/non-judicial Bodies and any other authority and also to represent the Company before the said Magistrate, Court of Law, Tribunal, Government Authorities and Judicial/Non-Judicial bodies and other Authority. 3. To approve execution of any agreements, undertakings, letters, writings, deeds, contracts, tenders and any document, which may be required to be executed by the Company from time to time for management of its day to day affairs and authorise officials of the Company to execute and submit such documents with concerned authorities. 4. To grant such other authorizations and approvals to any official of the Company or any other person on behalf of the Board of Directors as may be required for day to day management of the Company's business.	**Name of Directors** / **No. of Meetings attended** Mr. Prakash Kamat: 2 Mr. Mukesh Shah: 5 Mr. Jayen Shah: 6 Mr. Tushar Shah: 6 Mr. Bimal Shah: 5 The Committee met six times during the year under review. The Committee meetings were held on July 13, 2020, August 8, 2020, October 3, 2020, November 9, 2020, January 27, 2021 and March 23, 2021

CORPORATE GOVERNANCE REPORT (Contd.)

Other details of Stakeholders Relationship Committee

i. Name and Designation of Compliance Officer

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

Name: Ms. Pooja Lohor

Designation: Company Secretary and Compliance Officer

Address: Fine House, Anandji Street, Off M.G. Road, Ghatkopar East, Mumbai - 400 077 India

Tel: +91 (22) 2102 5000

Fax: +91 (22) 21028899 / 21026666

Email: investors@fineorganics.com

ii. Status of Shareholder Complaints

Details of Shareholder Complaints received and redressed during F.Y. 2020-21 are as follows:

Nature of Complaints	Received during the year	Resolved during the year	Pending during the year
Non receipt of Dividend / Non receipt of Annual Report	4	4	0

IV. REMUNERATION OF DIRECTORS

Remuneration to Executive Directors paid during the Financial Year 2020-21:

Remuneration payable to the Executive Directors is recommended by the Nomination and Remuneration Committee, approved by the Board and is subject to the overall limits approved by the shareholders.

Details of remuneration of the Executive Directors approved by the Board and paid during the financial year 2020-21 are given below:

(₹ in lakhs)

Name of Executive Directors	Designation	Salary and perquisites	Commission	Total Amount
Mr. Prakash Kamat	Chairman and Whole Time Director (w.e.f. November 6, 2017 for a period of 5 years)	288.00	-	288.00
Mr. Mukesh Shah	Managing Director (w.e.f. November 6, 2017 for a period of 5 years)	288.00	-	288.00
Mr. Jayen Shah	Whole Time Director and Chief Executive Officer (w.e.f. November 6, 2017 for a period of 5 years)	288.00	-	288.00
Mr. Tushar Shah	Whole Time Director and Chief Financial Officer (w.e.f. November 6, 2017 for a period of 5 years)	288.00	-	288.00
Mr. Bimal Shah	Whole Time Director (w.e.f. November 6, 2017 for a period of 5 years)	288.00	-	288.00

CORPORATE GOVERNANCE REPORT (Contd.)

The appointment of the Managing Director and the Whole Time Directors are for a period of 5 years. The Managing Director and the Whole Time Directors may resign from the service of the Company by giving three months notice in advance. The Company has the right to terminate the service of the Managing Director and the Whole Time Directors by giving three months notice in writing or salary in lieu thereof.

Remuneration to Non-executive Directors paid during the Financial Year 2020-21:

The details of sitting fees paid during the financial year are as under:

(₹ in lakhs)

Sr. No.	Name of Non-Executive Directors	Sitting Fees	Commission *(Proposed)
1.	Mr. Prakash Apte	5.70	5.00
2.	Mr. Mahesh Sarda	4.80	5.00
3.	Mr. Thiruvengadam Parthasarathi	5.25	5.00
4.	Ms. Pratima Umarji	4.20	5.00
5.	Mr. Kaushik Shah	5.25	5.00

*The proposal of payment of Commission to the Non-executive Directors from F.Y. 2020-21 is subject to the approval of members in the forthcoming 19th AGM of the Company.

V. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location	Special Resolution passed
2017-18	September 25, 2018	11:00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007	NIL
2018-19	July 30, 2019	11:00 a.m.	Kanji Khetsey Sabhagriha, Bharatiya Vidya Bhavan, K. M. Munshi Marg, Mumbai - 400 007	1. Revision in remuneration of Mr. Prakash Kamat, Chairman and Whole Time Director of the Company. 2. Revision in remuneration of Mr. Mukesh Shah, Managing Director of the Company. 3. Revision in remuneration of Mr. Jayen Shah, Whole Time Director and Chief Executive Officer of the Company 4. Revision in remuneration of Mr. Tushar Shah, Whole Time Director and Chief Financial Officer of the Company 5. Revision in remuneration of Mr. Bimal Shah, Whole Time Director of the Company. 6. Ratification for the appointment of Ms. Pratima Umarji, Independent Director of the Company for the remaining period of her tenure
2019-20	September 18, 2020	11:00 a.m.	Meeting was conducted through VC / OAVM pursuant to the circulars issued by the MCA.	NIL

No Extraordinary General Meeting of the Members was held during the year.

CORPORATE GOVERNANCE REPORT (Contd.)

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

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

POSTAL BALLOT

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

CORPORATE GOVERNANCE REPORT (Contd.)

VI. MEANS OF COMMUNICATION

Quarterly Results: The unaudited quarterly results are announced within forty- five days of the close of each quarter, other than the last quarter. The audited annual results are announced within sixty days from the end of the financial year as required under the Listing Regulations. The aforesaid financial results are announced to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these are considered and approved.

The results are usually published in Financial Express, English newspaper having country-wide circulation and in Pratahkal, Marathi newspaper where the registered office of the Company is situated.

Website: All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing Regulations and Companies Act, 2013 are being posted at Company's website https:// www.fineorganics.com

Presentations: Presentations made to the institutional investors/analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously hosted on the website of the Company, the web-link of which is - https://www.fineorganics.com/investor-relations/presentations.

Designated Exclusive Email ID: The Company has designated the email id i.e. investors@fineorganics.com for investor grievances. This Email ID has been displayed on the Company's website https://www.fineorganics.com

Annual Report: Annual Reports and any other communication will be sent to email ids of members whose emails are registered with the Company. All data required to be filed pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges by the Company and is also available on the website of the Company, the web-link of which is - https://www.fineorganics.com/investor-relations/financial-information/annual-reports.

VII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	The Company has decided to hold its 19th Annual General Meeting (the **"AGM"**) on **Tuesday, August 24, 2021 at 11:00 am** through VC / OAVM. The shareholders may note that the Ministry of Corporate Affairs, vide its General Circular No. 14/2020 dated April 8, 2020, No.17/2020 dated April 13, 2020, No.20/2020 dated May 5, 2020 and No. 02/2021 dated January 13, 2021 has continued with the relaxation and permitted the Companies to conduct their AGMs, through VC/OAVM during the calendar year 2021 on account of the threat posed by COVID-19. Guidelines for participation in the Company's 19th AGM are laid out in the Notice convening the meeting and have also been uploaded on the website of the Company viz. www.fineorganics.com
Financial Year: 2021-22 (Tentative)	The financial year of the Company starts from the 1st day of April and ends on 31st day of March of next year. Our tentative calendar for declaration of results for the financial year 2021-22 are as given below:

Quarter Ended	Release of Results
First Quarter Results	on or before August 14, 2021
Second Quarter and Half Yearly Results	on or before November 14, 2021
Third Quarter Results	on or before February 14, 2022
Annual Results	on or before May 30, 2022

In addition, the Board may meet on other dates as and when required.

Dividend Payment Date	The Final Dividend of ₹ 11/- per equity share, which includes a onetime special dividend of ₹ 5/- per equity share, has been recommended by the Board of Directors of the Company for the financial year ended March 31, 2021, and if approved at the ensuing AGM will be paid to the eligible Members on and from 6th day from the conclusion of the said AGM.

CORPORATE GOVERNANCE REPORT (Contd.)

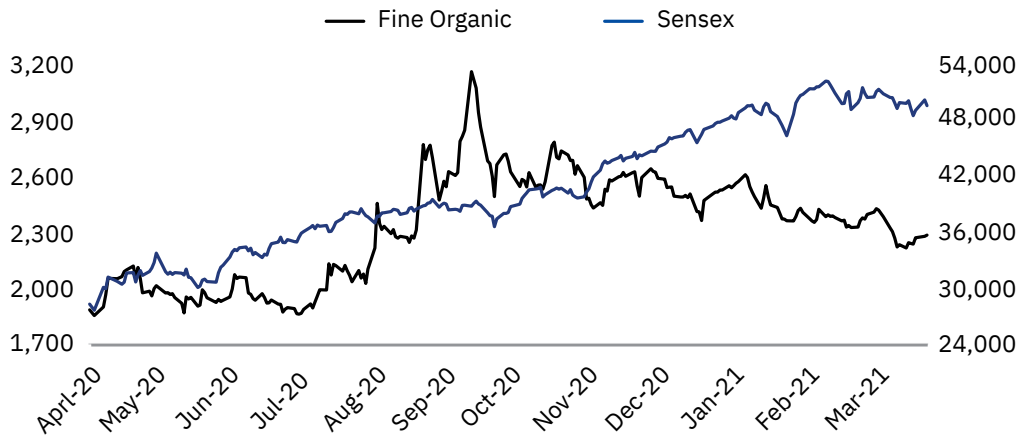
Day & Date of Book Closure/Record Date	Wednesday, August 18, 2021 to Tuesday, August 24, 2021 both days inclusive.
Name and Address of Stock Exchange	
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Code: 541557	**National Stock Exchange of India Limited** Plot No. C/1, "6" Block, Exchange Plaza Bandra Kurla Complex, Bandra (East) Mumbai – 400051 Code: FINEORG
Annual Listing Fees to Stock Exchanges	Listing fees for the year 2021-22 have been paid to the Stock Exchanges as on date of this report.
ISIN:	INE686Y01026

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

High/Low in each month of the Financial Year 2020-21 on the NSE Ltd & BSE Ltd:

Month	BSE			NSE		
	High Price	Low Price	Total Number of shares traded	High Price	Low Price	Total Number of shares traded
Apr-20	2,176.00	1,840.00	24,378	2,174.00	1,839.00	2,52,837
May-20	2,074.35	1,826.00	18,006	2,085.00	1,825.00	4,35,277
June-20	2,113.05	1,852.10	23,676	2,121.00	1,854.00	3,16,979
July-20	2,197.35	1,855.15	1,75,354	2,200.00	1,854.00	9,30,379
Aug-20	2,944.00	2,126.70	1,70,253	2,946.00	2,128.60	18,87,242
Sep-20	3,258.25	2,381.10	1,66,787	3,260.00	2,378.80	20,69,629
Oct-20	2,886.70	2,509.90	58,031	2,895.00	2,511.00	7,83,002
Nov-20	2,693.35	2,413.40	54,465	2,698.80	2,415.55	8,00,193
Dec-20	2,694.00	2,334.00	66,489	2,667.00	2,330.00	6,76,819
Jan-21	2,658.55	2,337.40	34,685	2,660.75	2,325.00	7,02,521
Feb-21	2,561.45	2,282.70	47,077	2,559.00	2,280.05	5,14,905
Mar-21	2,507.65	2,130.00	49,817	2,484.95	2,127.15	7,12,042

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



CORPORATE GOVERNANCE REPORT (Contd.)

Registrar & Share Transfer Agents:

Name & Address: KFin Technologies Private Limited
Selenium, Tower B, Plot Number 31
& 32, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad - 500 032, Telangana, India

Toll free No.: 1-800-309-4001

E-mail: einward.ris@kfintech.com

Website: https://ris.kfintech.com

Share transfer system: Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, email ids, nomination and power of attorney should be given to the Company's RTA i.e., KFin Technologies Private Limited.

Share Transfer /Transmission audit: The Company has appointed a firm of Practicing Company Secretary to conduct the audit on half yearly basis to ensure that the requests for the transmission of shares, issue of duplicate shares, dematerialisation, rematerialisation of shares of the Company are processed within the stipulated time period subject to lodgement of all the necessary documents by the concerned shareholders.

Share Capital Audit: The issued and paid up share capital is reconciled on a quarterly basis with the details of share capital admitted on National Securities Depository Limited **("NSDL")**, Central Depository Services (India) Limited **("CDSL")** and held in physical form by the shareholders. The quarterly audit of the Company's share capital is carried out by a Practicing Company Secretary with the object of reconciling the total share capital admitted with NSDL and CDSL and held in physical form, with the total issued and listed capital of the Company. The certificate of share capital audit received from the concerned Practicing Company Secretary is submitted to BSE and NSE and is also placed at the meetings of the Board of Directors on a quarterly basis.

Distribution of Equity Shareholding as on March 31, 2021:

Category (Amount)	No. of Cases	% of Shareholders Total	Amount	% of Amount
1-5000	41,856	99.55	55,69,570.00	3.63
5001- 10000	73	0.17	5,40,840.00	0.35
10001- 20000	40	0.10	5,45,515.00	0.36
20001- 30000	7	0.02	1,78,730.00	0.12
30001- 40000	5	0.01	1,87,370.00	0.12
40001- 50000	5	0.01	2,25,140.00	0.15
50001- 100000	12	0.03	8,79,550.00	0.57
100001& Above	46	0.11	14,51,73,165.00	94.70
Total	**42044**	**100.00**	**15,32,99,880.00**	**100.00**

CORPORATE GOVERNANCE REPORT (Contd.)

Categories of Equity Shareholding Pattern as on March 31, 2021:

Sr. No.	Description	No. of Shareholders	Shares	% Equity
1	Promoters and Promoter Group	18	2,29,94,982	75.00
2	Mutual Funds	14	40,45,800	13.20
3	Foreign Portfolio – Corp	53	18,17,411	5.93
4	Resident Individuals	39,574	11,62,505	3.79
5	Alternative Investment Fund	5	3,04,554	0.99
6	Bodies Corporate	251	1,72,404	0.56
7	HUF	1,297	51,413	0.17
8	Non Resident Indians	534	33,454	0.11
9	Qualified Institutional Buyer	1	20,253	0.07
10	Trusts	7	15,635	0.05
11	Non Resident Indian Non Repatriable	217	20,441	0.07
12	Clearing Members	71	19,030	0.06
13	NBFC	1	2,087	0.01
14	Indian Financial Institutions	1	7	0.00
	TOTAL	**42,044**	**3,06,59,976**	**100.00**

Dematerialisation of shares and liquidity:

The Company has established connectivity with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialisation of shares. As on March 31, 2021, Equity shares representing 100% of paid-up capital were in dematerialised form (except 19 equity shares in physical mode).

Description	Shares	% to Equity
No. of Physical Shares	19	0.00
No. of Shares held in dematerialised form in NSDL	3,00,51,956	98.02
No. of Shares held in dematerialised form in CDSL	6,08,001	1.98
Total	**30,659,976**	**100.00**

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

The Company has not issued any global depository receipts or American depository receipts or warrants or any convertible instruments in the past and hence as on March 31, 2021, the Company does not have any outstanding global depository receipts or American depository receipts or warrants or any convertible instruments.

Factory Address/Plant Locations: The Company's plants are located at Ambernath (E), Badlapur (E), Mahape Navi-Mumbai, Dombivali (E), Patalganga and Ambernath (W) in Maharashtra.

Credit Ratings: During the year, the credit ratings of the Company by ICRA Limited was as follows;

Sr. No.	Particulars	Current Rating
1.	Long Term – Fund based/Cash Credit Rating	[ICRA]AA-(Stable)
2.	Short Term – Non-Fund based Rating	[ICRA]A1+
3.	Long Term/Short Term-Unallocated	-

On April 6, 2021, ICRA updated the credit ratings of the Company which are as follows:

Sr. No.	Particulars	Current Rating
1.	Long Term – Fund based/Cash Credit Rating	[ICRA]AA-(Stable)
2.	Short Term – Non-Fund based Rating	-
3.	Long Term/Short Term-Unallocated	[ICRA]AA-(Stable)/ [ICRA]A1+

CORPORATE GOVERNANCE REPORT (Contd.)

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Private Limited

Selenium, Tower B, Plot Number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana, India

Contact Person: Mr. Umesh Pandey

Toll free No.: 1-800-309-4001

Email: einward.ris@kfintech.com

Website: https://ris.kfintech.com

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

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

The Compliance Officer can also be contacted at:

Ms. Pooja Lohor

Company Secretary and Compliance Officer

Fine House, Anandji Street, Off M.G. Road,

Ghatkopar East, Mumbai - 400 077 India

Tel: +91 (22) 2102 5000

Fax: +91 (22) 21028899 /21026666

Email: investors@fineorganics.com

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

VIII. OTHER DISCLOSURES

Related Party Transactions

During the financial year ended March 31, 2021, there were no materially significant transactions or arrangements entered between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, related parties, etc. that may have potential conflict with the interests of the Company at large. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.

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

Policy for determining 'material' subsidiaries

The Company has no material subsidiary in the F.Y. 2020-21. The Company has formulated the policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.fineorganics.com/investor-relations/corporate-governance/policies

Details of non-compliance, penalties, strictures imposed by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during the last 3 years

There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchange, SEBI or any other Statutory Authority relating to the capital market during the previous 3 (three) financial years.

Compliance with mandatory requirements

The Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations.

i. The Company has complied with requirement of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of the Listing Regulations.

ii. The Company has complied with the requirement specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

Discretionary Requirements

The discretionary requirements under the Listing Regulations as adopted by the Company are as under:

a) There is no audit qualification in the Company's financial statements for the year ended March 31, 2021.

b) The Internal Auditors of the Company report to the Audit Committee and participates in the meetings of the Audit Committee of the Board of Directors of the Company and present their internal audit observations to the Audit Committee.

c) The Company has appointed separate persons to the post of Chairperson (who chairs the Board Meetings) and Managing Director.

CORPORATE GOVERNANCE REPORT (Contd.)

Auditors Fees

The details of total fees for all services paid by the Company and its joint venture company Fine Zeelandia Pvt. Ltd, to the Statutory Auditors, M/s. B Y and Associates, Chartered Accountants (Firm Registration No. 123423W) for the Financial Year 2020-21 excluding the applicable taxes are given below;

Amount (₹ in lakhs)

Particulars	Fine Organic Industries Ltd	Fine Zeelandia Pvt. Ltd
Statutory Audit fees	26.50	2.25
Limited Review	9.00	-
Taxation Matters	8.50	0.75
Others	1.00	0.75
Total	**45.00**	**3.75**

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has not received any complaint of sexual harassment during the Financial Year 2020-21.

Code of Conduct for Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted the Code of Conduct for Prevention of Insider Trading to regulate the dealing in securities by the directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the directors and employees likely to have access to unpublished price sensitive information.

Vigil Mechanism/Whistle-Blower Policy for Directors and employees

The Company has established a Vigil Mechanism, which includes a Whistle Blower Policy, for its Directors and employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics. No person is denied access to the Chairman of the Audit Committee. The details of establishment of Vigil Mechanism/Whistle Blower Policy are posted on the website of the Company and the weblink to the same is https://www.fineorganics.com/investor-relations/corporate-governance/policies

Acceptance of recommendations of Committees by the Board of Directors

In terms of the SEBI Listing Regulations, there have been no instances during the year under review, when the recommendations of any of the Committees were not accepted by the Board.

Disclosure of commodity price risks and commodity hedging activities.

The Company is exposed to commodity price risk for its business operations. Currently the Company does not engage in any direct commodity hedging activities. However, the Company has internal systems through which price for our raw materials derived from commodities is monitored to the possible extent. The Company also manages the associated commodity price risks through short term periodical contracts with vendors and customers.

The Company is exposed to foreign exchange risks emanating from business, assets and liabilities denominated in foreign currency. In order to hedge this risk, the Company uses forward contracts as hedging instruments from time to time.

Details of utilisation of funds raised through preferential allotment or qualified institutional placement

The Company did not raise any funds through preferential issue or qualified institutional placement during the financial year 2020-21.

Certificate on Corporate Governance and Directors

A certificate has been received from KS & Associates, Company Secretaries, regarding compliance with the conditions of Corporate Governance, as stipulated in the Listing Regulations and is annexed to this report and forms part of the Annual Report.

The Company has also received certificate from KS & Associates, Company Secretaries and appended hereto, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, MCA or any such statutory authority.

Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account

The disclosures with respect to demat suspense account / unclaimed suspense account is not applicable to the Company for Financial Year 2020-21.

ANNEXURE TO CORPORATE GOVERNANCE REPORT OF FINE ORGANIC INDUSTRIES LIMITED

Declaration regarding Affirmation of Code of Conduct

All the members of the Board and the Senior Management Personnel of the Company have for the year ended March 31, 2021, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of Board of Directors

Jayen Shah
Director and Chief Executive Officer
Mumbai: May 27, 2021

PRACTICING COMPANY SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Fine Organic Industries Limited.

We have examined the compliance of conditions of corporate governance by Fine Organic Industries Limited ('the Company') to the year ended on March 31, 2021, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation').

Management Responsibility

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

PCS Responsibility

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and from the representations made by the Company, Board of Directors and authorised persons as well as from the Management Representations made by the Company during the conduct of audit & from the records maintained by the Company & from Board's Report on Corporate Governance & based on the Annual Report of the Company for financial year ended March 31, 2021, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations wherever applicable during the financial year ended March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted affairs of the Company.

Restriction on use

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

For KS & Associates,
Company Secretaries

Kartik Shah
Membership No. 5732
Certificate of Practice No. 5163
Peer Review Certificate No.: 1225/2021
UDIN: F005732C000383802
Mumbai: May 27, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Board of Directors of Fine Organic Industries Limited

Fine House, Off M. G. Road, Ghatkopar East, Mumbai - 400 077

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Fine Organic Industries Limited having CIN L24119MH2002PLC136003 and registered office at Fine House, Off M. G. Road, Ghatkopar East, Mumbai - 400 077 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with regulation 34(3) read with Schedule V Para-C clause (10)(i) of Securities Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification (including Directors Identifications Number (DIN) status & Director Master Data at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

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

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

For KS & Associates,

Company Secretaries

Kartik Shah

Membership No. 5732

Certificate of Practice No. 5163

Peer Review Certificate No.: 1225/2021

UDIN: F005732C000383769

Mumbai: May 27, 2021

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identification Number (CIN) of the Company:	L24119MH2002PLC136003
2	Name of the Company:	Fine Organic Industries Limited ('the Company' or 'FOIL')
3	Registered Address:	Fine House, Anandji Street, Off M G Road, Ghatkopar East, Mumbai - 400077, Maharashtra, India
4	Website:	www.fineorganics.com
5	E-mail ID:	info@fineorganics.com
6	Financial Year Reported:	April 1, 2020 to March 31, 2021
7	Sector(s) that the Company is engaged in (industrial Activity code-wise):	**NIC code** — **Description** 20119 — Manufacture of Organic and Inorganic Chemical Compounds n.e.c.
8	List of three key products/services that the Company manufactures/provides:	• Food Additives • Polymer Additives • Specialty Additives for coatings, cosmetics, Feed nutritions, Lubes etc.
9	Number of Locations where business activities are undertaken by the Company:	
	Number of National Locations	4 Manufacturing Locations - Ambernath, Badlapur, Dombivli and Patalganga in Maharashtra 1 Research and Development Centre - Mahape, Navi Mumbai 1 Head office - Mumbai 1 Sales and Marketing office - Delhi
	Number of International Locations	2 Sales & Marketing office USA and Europe (through subsidiaries of the Company)
10	Markets served by the Company Local/State/National/ International:	We have extensive distribution network spread across India as well as across globe.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital:	₹ 1,533 lakhs
2	Total Turnover:	₹ 1,12,129.01 lakhs
3	Total Profit after Taxes	₹ 11,493.18 lakhs
4	Total spending on Corporate Social Responsibility (CSR) (INR) as percentage of profit after tax (%):	Please refer to Corporate Social Responsibility Report for the year annexed to this Annual Report as **"Annexure B"**.
5	List of activities in which the expenditure in 4 above formations has been incurred	a) Education b) Healthcare c) Woman Empowerment etc.

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21 (Contd.)

SECTION C: OTHER DETAILS

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

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/ policies:

- DIN Number: 00106799
- Name: Mr. Mukesh Shah
- Designation: Managing Director

b) Details of the BR head:

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

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

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life Cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21 (Contd.)

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

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any National/International standards? If Yes, Specify (50 words)*	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note	Y Refer Note
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner/CEO/ appropriate Board Director?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
5	Does the Company have a specified committee of the Board / Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Refer Table below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y@	Y@	Y@	Y@	Y@	Y@	Y@	Y@	Y@
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an Internal or external agency?	Y#	Y#	Y#	Y#	Y#	Y#	Y#	Y#	Y#

Y= Yes, N= No

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

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

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

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

Table

Name of the policies:

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

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

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

3. Governance related to BR:

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

The Business Responsibility performance is reviewed annually by the Board.

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

The Company publishes its Business Responsibility Report as a part of its annual report. The Annual Report is available on the website of the Company at https://www.fineorganics.com under the section Investor Relations.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

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

Fine Organic Industries Limited is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company nurtures the culture of high integrity, transparency and follows highest ethical conduct and moral standards. The Company's Directors and Senior Management are required to abide by separate Code of Conduct. The said Code is available on Company's website viz. www.fineorganics.com.

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

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

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

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

During the year, 4 complaints have been received from shareholders and investors related to non-receipt of dividend and non-receipt of Annual Report. No investor complaint was pending at the end of the year.

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

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

I) Antimicrobial additives offering 'Safety with Sustainability':

Microbial growth on polymer surface can adversely affect properties of the base polymers and can result in cross-contaminations in humans. Therefore, it is critical to use a suitable additives to protect the plastic material as well as to ensure the minimized

possibility of human cross-contaminations. The conventional antimicrobial additives typically pose the concerns through presence of toxic/hazardous element to achieve the effective bacterial control. It has been observed that the increasing concern about health and well-being along with the awareness towards environment have resulted in preference for green antimicrobial additives. We have devised a safe and sustainable additives for this application. It is a 100% bio-based and safe (free from toxic components) antimicrobial additive, which can offer effective antibacterial activity in various base polymers. The additive has been tested for antibacterial and fungal resistance performance. Due to its suitable efficacy, it can render safety in a wide range of applications including medical apparatus (syringe, moulded plastic apparatus), domestic moulded products (kitchen ware, furniture), electronics, office ware – moulded parts, personal protective equipments (PPEs) – face shield, safety glasses, protective gowns (made from PP non-woven fabric), curtains, bathmats, flexible packaging films, refrigerator gaskets, windows gaskets, wallpaper, flooring etc.

II) Additives to offer Process benefits & Sustainability for Biopolymers:

Plastic material is an essential part of our day-to-day life for not only the current; but also, expected to be the same for the future due to their wide functionalities. In the recent past, an additional requirement, which has gained remarkable importance is the 'Sustainability'. Biopolymers can effectively introduce the advantages pertaining to the sustainability aspect either by being bio-based and/or bio-degradable. Various classes of biopolymers have been well-accepted in a wide range of applications by successfully overcoming the limitations in terms of processing and performance. However, there are a few potential susceptibilities of the base biopolymer to moisture and temperature could be a challenge in attaining the maximized benefits of biopolymers in the end-application. Our additives can support impressively through suitable functionalities in the same by rendering improved melt-flow properties, process enhancement, effective end-properties such as – slip & anti-blocking properties, scratch resistance, effective mould release, and more. Thus, our additives support the environment by encouraging the use of biopolymers through offering the processing benefits to the biopolymers, through offering excellent functionalities and through majorly bio-based and bio-degradable nature of the additives.

III) Development of Green surfactants for Personal care and Home Care:

Most surfactants used commercially now are synthesized from petrochemical products. However, reducing the use of products harmful to human health and environment has led to the search for surfactants which are derived from natural and renewable resources and are eco-friendly and biodegradable. These environment friendly surfactants synthesized using bio-based raw materials and green chemistry are called as Green Surfactants. Our company has developed Green surfactants based on the similar principles using oleochemicals derived from plant source. Hence, our range of Green surfactants are safer to use with less irritation potentials to skin and eyes. They have wide applications in personal care and homecare industries as our green surfactants range is developed to achieve excellent emulsification, foaming and cleansing, along with broad spectrum of antimicrobial properties. Thereby green surfactants produced by our company provide multifunctional performance compared to conventional surfactants like SLES, SLS, Ethylene oxide condensates, etc. These products can be a more suitable choice of "Safe"surfactants for the sustainability goals and replacing potentially concerning sulphate and EO based products.

Therefore, these green surfactants can be used in various personal care and home care applications like shampoos, hand wash, shower gel, face wash, veggie wash, liquid detergents etc.

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

The Company has designed processes and operations with the prime focus of maximizing the conservation and utilization of resources. The Company is also committed to following processes that are the cleanest possible

to minimize waste generation. In order to achieve the same, we take all required measures carefully. The major processes typically are either continuous or semi-continuous and run round the clock at our facilities with the purpose of maximizing the process efficiency. The Company has designed and continues to design processes to discourage the use of non-renewable and/or high energy consumption resources. The use of renewable energy sources, such as natural gases, has been emphasised by the Company. Most of the processes bring in remarkable savings in fuel & electricity consumption through optimization by our expertise.

The zero liquid discharge plant is one of the key facilities to keep the waste generation at the minimum possible level.

All our plants at Ambernath, Patalganga and Dombivli are Zero liquid discharge facilities. Our new R&D facility at Dombivli is also ZLD facility.

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

The Company has excellent procedures in place for the sustainable sourcing for instance: An advanced granulation technology that helps to increase the drying air contact efficiency resulting in impressive savings in space and energy, consequently helping to achieve extended life of other equipments.

Further, keeping the solvent use at the lowest has been one of the key goals of our QC team. This has been accomplished with the use of sophisticated equipments such as FTNIR having excellent capability to analyze the key properties of complex products with minimum or no use of chemicals/solvents, which is fairly challenging by conventional test procedures.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

FOIL aims to engage in sustainable business activities. FOIL believes that it is an important social responsibility to provide superior products in a sustainable and stable manner to satisfy customers. To fulfil this responsibility, it is vital to improve the quality of our raw materials, packaging materials, components, and services, and we therefore aim for forging sound relationships with our vendors. We procure major portion of our raw material from local sources.

- **Compliance with laws and regulations**

  FOIL observes laws and regulations. We understand and respect domestic as well as international norms and guidelines in conducting all our procurement activities. In addition, we constantly monitor industry standards and their trends and strive to respect them while engaging in transactions.

- **Fair trade**

  FOIL endeavors to engage in highly transparent transactions that are just and fair in procuring goods & services.

- **Basis of product and vendor assessment**

  FOIL rigorously assesses goods and services, and engages in transactions where consideration is given to quality, prices, delivery dates as well as the financial situation, technological capabilities, corporate approach, and social responsibility initiatives of the vendors.

- **Safety and Health**

  FOIL promotes procurement from vendors that properly manage health and safety risks and take action to improve occupational health and safety on an ongoing basis.

- **Environment**

  FOIL promotes sustainable purchasing and procurement and encourages environmentally-friendly products and services. A majority of our raw materials are Green products, derived from renewable crops of Natural Vegetable oils.

- **Promoting Local / Domestic sources**

  Local sourcing is an essential aspect in developing the supply chain. FOIL is positively inclined to source & promote the goods & services from vendors in the vicinity of our operations, which meet the same standards of social and environmental responsibility that we impose on ourselves. FOIL engages with them and supports them with a progress-oriented approach.

  The percentage of local sourcing is approximately 72% in terms of value.

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21 (Contd.)

- **Relationship with stakeholders**

  FOIL proactively communicates with stakeholders and promotes sustainable purchasing and procurement based on cooperation grounded in trust relationships.

Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees:**

   Total number of permanent employees is 723.

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

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

3. **Please indicate the number of permanent women employees:**

   Total number of permanent women employees is 122.

4. **Please indicate the number of permanent employees with disability:**

   None of the permanent employees are differently abled.

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

   The Company does not have any recognised employee association.

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

   Not Applicable.

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

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

   During the year the Company did not receive any complaints relating to child labour, forced labour, involuntary labour, sexual harassment.

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

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

   - Prevention of Sexual Harassment at workplace Training
   - Quality Management System Training
   - Business Ethics
   - Fire Fighting Training
   - System Compliance (QMS, FSSC, GMP, HALAL, RSPO)
   - CORONOVIRUS (COVID-19) Preventive and control measures

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

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

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

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

   Yes, out of the above stakeholders, the Company has identified the disadvantaged, vulnerable and marginalised communities through need assessment and engages with such marginalised communities under its Corporate Social Responsibility initiative/activities.

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

   FOIL endeavors to make a difference in life of vulnerable, disadvantaged and marginalised communities through its Corporate Social Responsibility initiatives.

   FOIL has conducted seminars and workshops and attended conferences in Maharashtra, Gujarat, Punjab and Haryana to educate farmers on modern dairy practices and for antibiotic free poultry farming, by using green solutions to improve the health of animals and as an extension, the health of human beings consuming

milk, dairy products and poultry meat, which will give a new potential avenue to the farmers and help farmers increase their earnings.

Principle 5: Businesses should respect and promote human rights

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

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

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management during the financial year 2020-21?**

   The Company has not received any complaints from stakeholders in this respect during financial year 2020-21.

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

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

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

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

   While growing at a remarkable pace, the Company is being much more vigilant & committed to the preservation of environment with the highest level of responsibility.

   The Company possesses indigenous technology including well-optimized processes in manufacturing. These processes are suitably refined to maximize the efficiency by minimizing the use of natural resources and to achieve cleaner processes in order to minimize the waste generation.

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

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

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

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

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

   Yes, we have accomplished a project related to Clean Development Mechanism by installing a sophisticated analytical tool of FTNIR (specialized spectroscopy instrument) in the QC lab. This test facility helps in impressive reduction in the analysis time, amount of chemicals used and allows to eliminate the use of solvents. Thereby, we have achieved a quick online report generation process, minimized safety risks in the lab and accuracy in data due to the AI driven system.

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

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

   - Provision of high efficiency ATFD with a full-fledged ETP system to achieve ZLD leading to saving of 20 – 25 % of energy as compared to conventional evaporation system.
   - Implementation of Rain Water Harvesting system so as to save & reuse the rain water during monsoon period. This initiative enables us to save

BUSINESS RESPONSIBILITY REPORT FOR FINANCIAL YEAR 2020-21 (Contd.)

the precious resource like Water as well as reduce the water consumption in our facility.

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

   Yes

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

   There are no unresolved show cause/legal notices from the Central Pollution Control Board (CPCB) and the State Pollution Control Board (SPCB) as on the end of March 31, 2021.

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

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

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

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

   The Company collaborates with external NGOs to undertake CSR programs/projects. Our CSR Committee reviews and ensures the implementation of the projects undertaken so that maximum benefit is derived by the beneficiaries.

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

   Yes, it is an ongoing process. We monitor the number of beneficiaries impacted by the Company's CSR initiatives and the same is presented to CSR Committee periodically.

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

   The Company has taken various CSR initiatives for support and development of society. The report on the CSR projects carried out by the Company is annexed in the Annual Report as "**Annexure B**".

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

   The CSR initiative for the development of community was successfully implemented. Also, we work with the organizations which have a good connect and presence in the local communities.

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

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

   As on March 31, 2021, we have 3.2% customer complaints unresolved exceeding the defined closure timeline of 15 days maximum. We follow the Why-Why methodology for responding to customer complaints, identifying and verifying root cause, implementing a

long-term solution to prevent recurring of the problems, and enhancement of customer satisfaction is the key element of our complaint handling process.

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

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

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

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

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

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

   Emphasis on delivering the best possible quality and in timely manner is the biggest strength of our Company.

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

INDEPENDENT AUDITOR'S REPORT

To,

The Members of

Fine Organic Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Fine Organic Industries Limited** (herein referred to as the "Company"), which comprise the Balance Sheet as at **March 31, 2021,** the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2021,** and its profit (including other comprehensive income), statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matters

We draw attention to Note No. 43 of the Standalone Ind AS Financial Statement, as regards the management's evaluation of COVID-19 impact on the future performance of the Company.

We further draw attention to advances given to Maharashtra Industrial Development Corporation (MIDC) of ₹ 2,420 lakhs for allotment of plot at Pale, Ambernath (Maharashtra) appearing in Note No. 11 of the Standalone Ind AS Financial Statements and relevant note given by the Management of the Company.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

1 Revenue Recognition

For the year ended March 31, 2021 the Company has recognised revenue from contracts with customers amounting to ₹ 112,125.25 lakhs.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has generally concluded that as principal, it typically controls the goods or services before transferring them to the customers.

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

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

Revenue is also an important element of how the Company measures its performance. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risk and rewards have been transferred.

Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the Standalone Ind AS Financial Statements.

Auditors' Response

Our audit procedures included the following:

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

INFORMATION OTHER THAN THE STANDALONE IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Management and Board of Directors' are responsible for the other information. The other information comprises the information included in the Company's annual report, for example, Corporate Overview, Key Highlights, Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Reports etc., but does not include the Standalone Ind AS Financial Statement and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statement or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT (Contd.)

If based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters specified in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

- Identify and assess the risk of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

INDEPENDENT AUDITOR'S REPORT (Contd.)

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

(1) As required by Section 143(3) of the Act, based on our audit, we report that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the Directors of the Company as on **March 31, 2021** taken on record by the Board of Directors of the Company, none of the directors of the Company incorporated in India is disqualified as on **March 31, 2021** from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls; refer to our separate report in **'Annexure –A'.** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid/provided by the Company to its director during the year is in accordance with the provision of section 197 of the Act.

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

(i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statement.

(ii) The Company has made Provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(2) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the **'Annexure – B'** a statement on the matters specified in paragraph 3 and 4 of the Order.

For **B Y & Associates**
Chartered Accountants
Firm's registration number: 123423W

CA Bhavesh Vora
Partner
Membership Number: 043908

Date : May 27, 2021
Place : Mumbai
UDIN: 21043908AAAAAR2085

'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **Fine Organic Industries Limited** ('the Company') as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS 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

'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B Y & Associates**
Chartered Accountants
Firm's registration number: 123423W

CA Bhavesh Vora
Partner
Membership Number: 043908

Date : May 27, 2021
Place : Mumbai
UDIN: 21043908AAAAAR2085

'ANNEXURE – B' TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the records examined by us and based on our examination of the records provided to us, we report that, the title deeds, comprising immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

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

a) The inventory has been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.

b) The procedures for physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) On the basis of our examination of the records of inventory, we are of the opinion that Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of stock as compared to book records.

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

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

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 as prescribed under the provision of the section 73 to 76 of the Companies Act, 2013 and rules framed there under.

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

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

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Goods &Service Tax, and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Sr. No.	Financial Year / Period	Nature of Demand	Appellate Authority where dispute is pending	Amounts (₹ in lakhs)
1	2005-2006	Income Tax	Commissioner of Income Tax (Appeal), Mumbai	3.34
2	2009-2010	Income Tax	Commissioner of Income Tax (Appeal), Mumbai	6.11
3	2015-2016	Income Tax	Commissioner of Income Tax (Appeal), Mumbai	149.17
4	2017-2018	Income Tax	Commissioner of Income Tax (Appeal), Mumbai	373.55
5	2014- 2015	MVAT	Department of Sales tax	27.16

'ANNEXURE – B' TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

(viii) According to records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The Company has not issued any debentures during the year.

(ix) During the year the Company has not raised money by way of Initial Public Offer or Further Public Offer (including Debt Instruments). According to the information and explanations given to us, the term loans raised have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

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

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

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

For **B Y & Associates**
Chartered Accountants
Firm's registration number: 123423W

CA Bhavesh Vora
Partner
Membership Number: 043908

Date : May 27, 2021
Place : Mumbai
UDIN: 21043908AAAAAR2085

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in lakhs)

Particulars	Notes	Figures As at March 31, 2021	Figures As at March 31, 2020
ASSETS			
A) Non Current Assets			
Property, Plant and Equipment	Note 4	19,530.67	21,591.07
Capital Work-In Progress	Note 5	2,630.42	584.11
Intangible Assets	Note 6	54.18	85.74
Financial Assets			
- Investment	Note 7	4,367.35	4,416.75
- Loans	Note 8	403.05	471.94
- Others	Note 9	255.72	301.18
Deferred Tax Assets (Net)	Note 10	733.98	621.42
Other Non-Current Assets	Note 11	6,211.97	6,162.42
Total Non Current Assets (A)		**34,187.34**	**34,234.63**
B) Current Assets			
Inventories	Note 12	10,892.56	11,945.23
Financial Assets			
- Trade Receivables	Note 13	17,452.66	14,510.58
- Cash and Cash Equivalents	Note 14	25,640.72	20,087.93
- Bank Balances	Note 15	477.01	475.14
- Others	Note 16	23.96	32.80
Current Tax Assets (Net)	Note 17	526.99	702.10
Other Current Assets	Note 18	6,341.35	4,249.36
Total Current Assets (B)		**61,355.25**	**52,003.14**
Total Assets (A + B)		**95,542.59**	**86,237.77**
EQUITY AND LIABILITIES			
A) Equity			
Equity Share Capital	Note 19	1,533.00	1,533.00
Other Equity	Note 20	72,350.77	61,544.45
Total Equity (A)		**73,883.77**	**63,077.45**
Liabilities			
B) Non Current Liabilities			
Financial Liabilities			
- Borrowings	Note 21	5,674.43	9,146.08
- Others	Note 22	435.30	755.86
Total Non Current Liabilities (B)		**6,109.73**	**9,901.94**
C) Current Liabilities			
Financial Liabilities			
- Trade Payables			
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	Note 23	318.49	187.12
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	Note 23	10,525.35	8,239.55
- Others	Note 24	3,494.46	3,488.98
Other Current Liabilities	Note 25	349.21	558.12
Provisions	Note 26	404.47	327.50
Current Tax Liabilities (Net)	Note 27	457.11	457.11
Total Current Liabilities (C)		**15,549.09**	**13,258.38**
Total Equity & Liabilities (A + B + C)		**95,542.59**	**86,237.77**

The accompanying notes 1 to 50 are integral part of the Standalone Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

Mukesh Shah
Managing Director

Jayen Shah
Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Notes	Figures for the year ended March 31, 2021	Figures for the year ended March 31, 2020
INCOME			
Revenue from Operations	Note 28	1,12,129.01	1,02,622.30
Other Income	Note 29	1,702.41	2,051.12
Total Income		**1,13,831.42**	**1,04,673.42**
EXPENSES			
Cost of Materials Consumed	Note 30	71,536.01	63,600.97
Purchase of Stock-In-Trade	Note 30.1	3.99	0.18
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-In-Progress	Note 31	1,081.83	(2,964.42)
Employee Benefit Expenses	Note 32	7,617.33	6,943.69
Finance Costs	Note 33	608.99	478.12
Depreciation & Amortisation Expenses	Note 34	4,676.49	3,465.07
Other Expenses	Note 35	12,682.90	11,433.86
Total Expenses		**98,207.54**	**82,957.47**
Profit Before Exceptional Items & Tax		**15,623.88**	**21,715.95**
Profit Before Tax		**15,623.88**	**21,715.95**
TAX EXPENSES			
Current Tax	Note 36	4,320.00	5,609.49
Deferred Tax Expense / (Income)	Note 37	(190.89)	(543.71)
Short / (Excess) Provision for earlier Years		1.59	-
Profit / (Loss) For The Year		**11,493.18**	**16,650.17**
OTHER COMPREHENSIVE INCOME			
(i) Items that will not be reclassified to Profit or Loss			
(a) Changes in fair value of Equity Instruments through OCI		0.20	(0.18)
(b) Remeasurements of Loss on Employees Defined Benefits Plan		(9.53)	(104.71)
(c) Amount Recognised in Cashflow Hedging Reserve during the Year		320.56	(364.94)
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		(78.33)	118.25
Total Other Comprehensive Income		**232.90**	**(351.58)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,726.08**	**16,298.59**
Earnings Per Equity Share			
Basic	Note 38	37.49	54.31
Diluted		37.49	54.31

The accompanying notes 1 to 50 are integral part of the Standalone Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

Mukesh Shah
Managing Director

Jayen Shah
Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A) Equity Share Capital

(₹ in lakhs)

Particulars	No. of Shares	Amounts
Equity Share Capital at the beginning of the Year i.e. April 01, 2020	3,06,59,976	1,533.00
Add / (Less) : Changes in Equity Share Capital during the Year 20-21	-	-
Equity Share Capital at the end of the Year i.e. March 31, 2021	**3,06,59,976**	**1,533.00**

B) Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	Amalgamation Reserve	Retained Earnings		
Balance as at April 01, 2019	1,155.24	48,508.64	(352.17)	49,311.71
Add: Profit for the Year	-	16,650.17	-	16,650.17
Add: Other Comprehensive Income (net of tax)	-	-	(351.58)	(351.58)
Total Comprehensive Income for the Year	**1,155.24**	**65,158.81**	**(703.75)**	**65,610.30**
Less: Dividend Paid on Equity Shares	-	3,372.60	-	3,372.60
Less: Dividend Distribution Tax Paid	-	693.25	-	693.25
Balance as at March 31, 2020	**1,155.24**	**61,092.96**	**(703.75)**	**61,544.45**
Add: Profit for the Year	-	11,493.18	-	11,493.18
Add: Other Comprehensive Income (net of tax)	-	-	232.90	232.90
Total Comprehensive Income for the Year	**1,155.24**	**72,586.14**	**(470.85)**	**73,270.53**
Less: Dividend Paid on Equity shares	-	919.76	-	919.76
Less: Dividend Distribution Tax Paid	-	-	-	-
Balance as at March 31, 2021	**1,155.24**	**71,666.38**	**(470.85)**	**72,350.77**

The accompanying notes 1 to 50 are integral part of the Standalone Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

Mukesh Shah
Managing Director

Jayen Shah
Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Net Profit Before Tax		**15,623.88**		**21,715.95**
A}	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Adjustments for:				
	Depreciation of Property, Plant and Equipment	4,628.55		3,442.04	
	Amortisation of Intangible Assets	47.94		23.03	
	Loss / (Profit) on Sale of Fixed Assets (net)	(1.56)		(13.58)	
	Interest Income	(708.90)		(893.12)	
	Interest Expenses	522.43		633.04	
	Remeasurement of Employee Benefit Plans	(9.53)		(104.71)	
	Net loss/ (gain) on Foreign Exchange Fluctuations	(957.61)		(1,195.53)	
	Lease Rent on Leasehold Properties	60.12		46.65	
	Staff Welfare	5.95		4.44	
	Rent-Others	3.97		3.82	
	Expected Credit Loss provisions / (reversal)	(20.66)		39.44	
	Provision for Dimunition in Value of Investment	39.60		40.08	
	Income Tax written off for earlier Years	1.59		-	
			3,611.89		2,025.60
	Operating Profit Before Working Capital Movements		**19,235.77**		**23,741.55**
	Movement in Working Capital:				
	Decrease / (Increase) in Inventories	1,052.67		(4,045.02)	
	Decrease / (Increase) in Trade Receivables	(2,921.42)		2,148.45	
	Decrease / (Increase) in Other Bank Balances	(1.87)		(366.40)	
	Decrease / (Increase) in Current Financial Assets : Others	8.84		(5.26)	
	Decrease / (Increase) in Other Current Assets	(2,091.99)		3,294.21	
	Increase / (Decrease) in Current Financial Liabilities : Borrowings	-		(2,019.15)	
	Increase / (Decrease) in Trade Payables	2,417.17		3,194.97	
	Increase / (Decrease) in Current Financial Liabilities : Others	5.48		1,838.57	
	Increase / (Decrease) in Other Current Liabilities	(208.91)		239.34	
	Increase / (Decrease) in Current Provisions	76.97		(119.10)	
			(1,663.06)		4,160.60
	Cash Generated from Operations		**17,572.71**		**27,902.15**
	Income Tax Paid		(4,146.48)		(6,120.16)
	Net Cash Flows From Operating Activities (A)		**13,426.23**		**21,781.99**
B}	**CASH FLOWS (USED IN) / GENERATED FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment, including CWIP	(4,626.24)		(7,215.04)	
	Prepaid Rent in Leasehold Properties	(142.41)		27.47	
	Liability booked against advance given for Capital Goods	40.08		838.17	
	Purchase of Intangible Assets	(16.38)		(74.26)	
	Proceeds from sale of Property, Plant and Equipment	13.34		22.23	

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021(Contd.)

(₹ in lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount (invested) / matured in Bank Fixed Deposits	43.19		(86.74)	
	Additional Investment in Joint Ventures	-		(2,787.94)	
	Interest received	672.82		852.33	
	Net Cash Flows Used In Investing Activities (B)		**(4,015.60)**		**(8,423.78)**
C}	**NET CASH FLOWS (USED IN)/ GENERATED FROM FINANCING ACTIVITIES**				
	Repayment of Non Current Borrowings	(3,471.65)		(136.09)	
	Advances (given to) / received back from Subsidiaries	128.66		204.42	
	Security Deposit Received back / (given)	(6.66)		(34.24)	
	Employee Advance (given) /received back	(23.61)		0.94	
	Dividend and Dividend Distribution Tax paid	(919.76)		(4,065.84)	
	Interest paid	(522.43)		(633.04)	
	Net loss/ (gain) on Foreign Exchange Fluctuations	957.61		1,195.53	
	Net Cash Flows Used In Financing Activities (C)		**(3,857.84)**		**(3,468.32)**
	Net Increase In Cash And Cash Equivalents (A+B+C)		**5,552.79**		**9,889.90**
	Cash And Cash Equivalents At The Beginning Of The Year		**20,087.93**		**10,198.03**
	Cash And Cash Equivalents At The Year End {Refer to note no. 14}		**25,640.72**		**20,087.93**
	Components of Cash and Cash Equivalents :				
	Balances With Banks				
	In Current Account	7,008.99		15,190.10	
	In Exchange Earners' Foreign Currency Account	761.72		404.86	
	In Fixed Deposit Account	17,849.76		4,470.90	
	Cash on Hand	20.25		22.07	
			25,640.72		**20,087.93**

The accompanying notes 1 to 50 are integral part of the Standalone Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

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Managing Director

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Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. CORPORATE INFORMATION

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

The Financial Statements were approved and authorised for issue with the resolution of the Board of Directors on May 27, 2021 and are subject to the approval of Shareholders in the Annual General Meeting.

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

The Company has completed Initial Public offering (IPO) of 76,64,994 shares of ₹ 5/- each at an offer price of ₹ 783/- per Equity Share aggregating to ₹ 60,017 lakhs, through offer for sale. Equity shares of the Company are listed on July 02, 2018 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Company has following investments in subsidiaries, Joint Ventures and Associates:

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

2. BASIS OF PREPARATION:

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgements

The preparation of the Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions, which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2021 are as follows:

a) Property, plant and equipment

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

b) Revenue from contracts with customers

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

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

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

c) Recognition and measurement of defined benefit obligations

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

d) Recognition of deferred tax assets

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

e) Contingent Liabilities, Commitments and Litigations

Contingent liabilities

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

Litigation

From time to time, the Company might be subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

2.5 Measurement of fair values

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Operating cycle

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

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

2.7 Current / non-current classification

An entity shall classify an asset as current when:

a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

b) It holds the asset primarily for the purpose of trading;

c) It expects to realise the asset within twelve months after the reporting period; or

d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

An entity shall classify a liability as current when-

a) It expects to settle the liability in its normal operating cycle;

b) It holds the liability primarily for the purpose of trading;

c) The liability is due to be settled within twelve months after the reporting period; or

d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Recognition and measurement

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

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

a) It's purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.

b) Any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by the Management.

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

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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

Leasehold Rent payable to MIDC relating to new project, during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Non- Current Assets and the same will be amortised in the year of commencement of project.

Subsequent expenditure

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

Depreciation

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

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

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

Tangible Assets	Useful lives as per Schedule II
Buildings	30 Years
Computers	
Computer – Server & Network	6 Years
Computer – Others	3 Years
Plant & Machinery	5 - 15 Years
Furniture and Fixtures	10 Years
Electrical Installation	10 Years
Motor Cars & Vehicles	8 Years
Office Equipments	5 Years

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

3.2 Intangible Assets

Recognition and measurement

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

Subsequent expenditure

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

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values and it is included in depreciation and amortisation in the Statement of profit and loss.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Intangible Assets	Useful life
Computer Software (WDV Method)	3 Years
Patent / Trademark (SLM Method)	10 Years

3.3 Borrowing costs

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

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

3.4 Impairment of non-Financial assets

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

3.5 Income Tax

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

Current Tax

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

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

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

Deferred tax

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

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

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in

which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

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

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

3.6 Inventories

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

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

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

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

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

3.7 Cash and cash equivalents

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

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

3.8 Trade Payables

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

3.9 Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost using the effective interest rate method, if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Investment in Subsidiaries, Associates and Joint Ventures

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

Other Equity Investments

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

Impairment of Financial assets

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

a) Derivative Financial instruments and Hedge Accounting

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

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

hedged forecast transaction subsequently results in the recognition of a non-Financial assets or non-Financial liability.

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

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

Cash flow hedge

The Company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair Value Hedge

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

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

b) De-recognition of Financial instruments

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

c) Offsetting

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

3.10 Business Combinations

Business Combinations are accounted for using Ind AS 103 Business Combination. Acquisitions of businesses are accounted for using the acquisition method unless the transaction is between entities under common control. Acquisition related costs are recognised in the Statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their respective fair value at the acquisition date, except certain assets and liabilities required to be measured as per applicable standards. Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Company's interest in the net fair value

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, is recognised as Capital Reserve i.e. Amalgamation Reserve.

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

3.11 Revenue Recognition

Revenue from contracts with customer

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

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts, right of return, using the expected value method.

Sale of Products

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

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

Variable consideration

This includes incentives, volume rebates, discounts etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Significant financing component

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

Cost to obtain a contract

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

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

Other Operating Revenues

Other Operating revenue mainly consists of Sale of Scrap arising from the production of finished goods.

Interest Income

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

of the financial asset or to the amortised cost of a financial liability.

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

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

Dividends

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

Insurance and other claims

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

3.12 Foreign Currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

3.13 Employee benefits

Short term employee benefits

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

Post-employment benefits

a) Defined benefit plans

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

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

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

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

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

b) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

3.14 Leases

As a lessee

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

3.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

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

3.16 Dividend

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

3.17 Earnings per share (EPS)

Basic earnings per share

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

Diluted earnings per share

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

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

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(₹ in lakhs)

Particulars	Factory / Research Centre Building	Office Premises	Residential Premises	Factory Flat	Plant and Equipments	Electrical Equipments	Laboratory Equipments	Office Equipments	Furniture & Fixtures	Computer & Peripherals (including Server & Network)	Vehicles	Total Property, Plant and Equipment
Gross Carrying Amount												
Balance as at April 01, 2019	**8,691.10**	**92.35**	**77.44**	**2.76**	**11,404.56**	**999.39**	**683.69**	**559.40**	**661.46**	**551.45**	**919.37**	**24,642.97**
Add: Additions during the year	6,292.09	13.31	-	-	9,208.69	1,054.44	177.16	169.20	102.39	182.46	60.29	17,260.03
Less: Disposals/ Adjustments	-	-	-	-	20.04	-	0.41	0.29	-	-	86.33	107.07
Balance as at March 31, 2020	**14,983.19**	**105.66**	**77.44**	**2.76**	**20,593.21**	**2,053.83**	**860.44**	**728.31**	**763.85**	**733.91**	**893.33**	**41,795.93**
Add: Additions during the year	837.90	-	-	-	1,203.26	148.90	50.36	91.98	49.99	104.10	93.44	2,579.93
Less: Disposals/ Adjustments	0.49	-	-	-	103.99	2.02	0.18	6.74	-	0.55	56.86	170.83
Balance as at March 31, 2021	**15,820.60**	**105.66**	**77.44**	**2.76**	**21,692.48**	**2,200.71**	**910.62**	**813.55**	**813.84**	**837.46**	**929.91**	**44,205.03**
Accumulated Depreciation												
Balance as at April 01, 2019	**4,249.99**	**62.82**	**14.37**	**1.25**	**9,218.74**	**779.16**	**561.90**	**425.80**	**527.24**	**473.24**	**546.77**	**16,861.28**
Add: Depreciation for the year	745.36	2.15	3.06	0.07	2,115.66	198.19	55.60	76.40	35.23	85.62	124.68	3,442.02
Less: Disposals/ Adjustments	-	-	-	-	18.70	-	0.25	0.07	-	-	79.42	98.44
Balance as at March 31, 2020	**4,995.35**	**64.97**	**17.43**	**1.32**	**11,315.70**	**977.35**	**617.25**	**502.13**	**562.47**	**558.86**	**592.03**	**20,204.86**
Add: Depreciation for the year	974.67	2.57	2.91	0.07	2,901.46	290.66	64.25	110.05	52.41	123.94	105.56	4,628.55
Less: Disposals/ Adjustments	0.17	-	-	-	97.23	1.70	0.08	6.40	-	0.51	52.96	159.05
Balance as at March 31, 2021	**5,969.85**	**67.54**	**20.34**	**1.39**	**14,119.93**	**1,266.31**	**681.42**	**605.78**	**614.88**	**682.29**	**644.63**	**24,674.36**
Net Carrying Amount												
Balance as at March 31, 2020	**9,987.84**	**40.69**	**60.01**	**1.44**	**9,277.51**	**1,076.48**	**243.19**	**226.18**	**201.38**	**175.05**	**301.30**	**21,591.07**
Balance as at March 31, 2021	**9,850.75**	**38.12**	**57.10**	**1.37**	**7,572.55**	**934.40**	**229.20**	**207.77**	**198.96**	**155.17**	**285.28**	**19,530.67**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 5 NON CURRENT ASSETS : CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	**584.11**	**10,629.09**
Add:- Additions during the year	4,614.09	7,225.69
Less: - Capitalisation during the year	2,567.78	17,270.67
Balance as at the end of the year	**2,630.42**	**584.11**

NOTE 6 NON CURRENT ASSETS : INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Software	Patents & Trademarks	Total Intangible Assets
Gross Carrying Amount			
Balance as at April 01, 2019	**30.70**	**27.42**	**58.12**
Add: Additions during the year	74.26	-	74.26
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	**104.96**	**27.42**	**132.38**
Add: Additions during the year	13.98	2.40	16.38
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2021	**118.94**	**29.82**	**148.76**
Accumulated Depreciation			
Balance as at April 01, 2019	**16.57**	**7.04**	**23.61**
Add: Depreciation for the year	20.29	2.74	23.03
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	**36.86**	**9.78**	**46.64**
Add: Depreciation for the year	44.91	3.03	47.94
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2021	**81.77**	**12.81**	**94.58**
Net Carrying Amount			
Balance as at March 31, 2020	**68.10**	**17.64**	**85.74**
Balance as at March 31, 2021	**37.17**	**17.01**	**54.18**

NOTE 7 NON CURRENT FINANCIAL ASSETS : INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted Investment in Equity Instruments of Subsidiaries (At Cost)		
(i) Fine Organics (USA), Inc.	185.36	195.36
{Includes ₹ 184.72 lakhs (P.Y. ₹ 194.74 lakhs) Notional interest as per IndAS 109 'Financial Instruments' issued by MCA}		
(Current Year: 1,000 shares of $ 1 each fully paid up)		
(Previous Year : 1,000 shares of $ 1 each fully paid up)		
(ii) Fine Organics Europe BV	28.03	28.03
{Includes ₹ 13.79 lakhs (P.Y. ₹ 13.79 lakhs) Notional interest as per IndAS 109 'Financial Instruments' issued by MCA}		
(Current Year: 185 shares of € 100 each fully paid up)		
(Previous Year: 185 shares of € 100 each fully paid up)		

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted Investment in Equity Instruments of Jointly Controlled Entities (At Cost)		
(i) Fine Zeelandia Private Limited	4,028.43	4,028.43
(Current Year: 4,02,84,250 shares of ₹ 10/- each fully paid up)		
(Previous Year: 4,02,84,250 shares of ₹ 10/- each fully paid up)		
(ii) FineADD Ingredients GmbH	120.73	160.33
(Current Year: 2,500 shares of € 100 each fully paid up)		
(Previous Year: 2,500 shares of € 100 each fully paid up)		
Unquoted Investment in Equity Instruments at FVTOCI		
(i) Saraswat Co-Operative Bank Limited	4.80	4.60
(Current Year: 2,500 shares of ₹ 10/- each fully paid up)		
(Previous Year: 2,500 shares of ₹ 10/- each fully paid up)		
Total	**4,367.35**	**4,416.75**

NOTE 8 NON CURRENT FINANCIAL ASSETS : LOANS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advances to Wholly Owned Subsidiaries (Amortised Cost) {Refer to note no. 40(b)}	279.56	372.06
Loan to employees	123.49	99.88
Total	**403.05**	**471.94**

NOTE 9 NON CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits Rent (Amortised Cost)	36.12	38.39
Fixed Deposits with Bank (Original Maturity more than 12 months)	219.60	262.79
Total	**255.72**	**301.18**

NOTE 10 DEFERRED TAX ASSET (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	814.62	525.52
Others	34.31	157.76
Gross Deferred Tax Asset (a)	**848.93**	**683.28**
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	-	3.66
Others	114.95	58.20
Gross Deferred Tax Liability (b)	**114.95**	**61.86**
Deferred Tax Assets (Net) (a-b)	**733.98**	**621.42**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 11 OTHER NON CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances (Unsecured, Considered good) *	2,690.15	2,730.23
Security Deposits	250.35	241.42
Income Tax Refund Receivables	15.83	17.42
Prepaid Rent on Leasehold Land & Premises	3,255.64	3,173.35
Total	**6,211.97**	**6,162.42**

*The Company has given an advance of ₹ 24 Crores to MIDC for allotment of a plot at Pale, Ambernath, which is disclosed under Capital advances. This plot is proposed to be used for further expansion. MIDC has issued allotment letter, however, the Company is unable to take the possession of the said plot, as so far MIDC has not created any the basic infrastructure facilities such as water, electricity, roads etc. Upon receipt of possession, the Company will do the feasibility study and then decide upon the appropriate usage option for the said plot. The Advance given for the plot is higher than the ready reckoner rate obtained by the Company and accordingly no provision is required to be made.

NOTE 12 CURRENT ASSETS : INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Packing Materials	5,026.82	5,495.69
Semi-Finished Goods	556.04	147.49
Finished Goods	3,698.90	5,189.28
Consumables	59.50	53.18
Stores & Spares	1,551.30	1,059.59
Total	**10,892.56**	**11,945.23**

NOTE 13 CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured, Considered good	-	-
Unsecured		
Considered good	15,212.46	12,247.98
From Related Parties {Refer to note no. 40(b)}	2,240.20	2,262.60
Which have significant increase in Credit Risk	136.34	157.00
Less: Allowance for Expected Credit Loss	136.34	157.00
Total	**17,452.66**	**14,510.58**

NOTE 14 CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
In Current Account	7,008.99	15,190.10
In Exchange Earners' Foreign Currency Account	761.72	404.86
In Fixed Deposit Account	17,849.76	4,470.90
(With original maturity of less than 3 months)		
Cash on hand	20.25	22.07
Total	**25,640.72**	**20,087.93**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 15 CURRENT FINANCIAL ASSETS : BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
In Fixed Deposits	477.01	475.14
(with original maturity of more than 3 months and 12 months or less)		
Total	**477.01**	**475.14**

NOTE 16 CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Security Deposit	23.96	32.80
Total	**23.96**	**32.80**

NOTE 17 CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax (Net of Provision for Income Tax)	526.99	702.10
Total	**526.99**	**702.10**

NOTE 18 OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	314.50	252.69
Balance with Statutory / Government Authorities *	2,749.52	2,445.79
Gratuity Fund Balance with LIC of India	80.06	-
Other Advances (including advance to suppliers)	3,197.27	1,550.88
Total	**6,341.35**	**4,249.36**

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

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 19 EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
4,00,00,000 Equity Shares of ₹ 5/- each (#)	2,000.00	2,000.00
(Previous Year: 4,00,00,000 Equity Shares of ₹ 5/- each)		
Total	**2,000.00**	**2,000.00**
ISSUED, SUBSCRIBED AND PAID-UP		
3,06,59,976 Equity Shares of ₹ 5/- each	1,533.00	1,533.00
(Previous Year: 3,06,59,976 Equity Shares of ₹ 5/- each)		
Total	**1,533.00**	**1,533.00**

(#) As per the Scheme of Amalgamation, the authorised share capital of the Transferor Companies; Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") amounting to 100,000 shares of ₹ 10 each are transferred to and merged with the authorised share capital of the Amalgamated Company. Also refer to note no. 19.6 regarding sub-division of shares.

Note 19.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2021	As at March 31, 2020
Number of shares at the beginning of the year	3,06,59,976	3,06,59,976
Add/ Less :- Movement of shares during the year	-	-
Number of shares at the end of the year	**3,06,59,976**	**3,06,59,976**

Note 19.2 - Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 19.3 - Details of Shareholders holding more than 5 % shares of the Company

Name of share holders	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% in Share Capital	Number of Shares	% in Share Capital
Mukesh Maganlal Shah	17,64,045	5.75%	17,64,045	5.75%
Prakash Damodar Kamat	44,52,835	14.52%	44,52,835	14.52%
Jayen Ramesh Shah	34,23,627	11.17%	34,23,627	11.17%
Jyotsna Ramesh Shah	43,25,886	14.11%	43,25,886	14.11%
Bimal Mukesh Shah	21,16,827	6.90%	21,16,827	6.90%
Tushar Ramesh Shah	36,99,182	12.07%	36,99,182	12.07%
SBI Mutual Fund Under Various Schemes	-	-	17,21,463	5.61%

Note 19.4 - Details of shares reserved for options and contracts / commitments for sale of shares / disinvestment

The Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / disinvestment.

Note 19.5 - Details of calls unpaid

There is no calls unpaid.

Note 19.6 - Subdivision of shares

The Shareholders vide a special resolution has approved sub division of shares of the Company in the ratio of 2 shares of face value of ₹ 5/- each for every existing 1 share of the face value of ₹ 10/- each.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The requisite approvals for modification of the Memorandum and Articles of Association of the Company had been accorded by the shareholders on November 06, 2017.

Note 19.7 - Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

(i) The Company has issued 2,80,000 Equity Shares of ₹ 10 Each in Financial year 2016-17 for consideration other than cash to the shareholders of Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") on account of Amalgamation.

(Previous year: 2,80,000 Equity shares of ₹ 10 each)]

(ii) During the year ended March 31, 2018, the Company has issued 1,02,19,992 Equity shares of ₹ 10 each (Pre Subdivision of shares) pursuant to the bonus issue of shares vide special resolution approved by the shareholders dated October 16, 2017.

The Company has allotted 2 (Two) Fully paid up equity shares of ₹ 10/- each for every 1 (One) Equity shares held by the shareholders (Including shares issued to the shareholders on account of amalgamation with FRDCPL & FSSPL).

Later on as per special resolution dated November 06, 2017, such shares are sub divided in to the ratio of 2 (Two) shares of face value of ₹ 5/- each for every existing 1 (One) share of the face value of ₹ 10/- each.

NOTE 20 OTHER EQUITY

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Amalgamation Reserve	**1,155.24**	**1,155.24**
(Includes ₹ 4.23 Lakhs On Account of Amalgamation)		
(b) Retained Earnings ($)		
Balance as at the beginning of year	61,092.96	48,508.64
Add: Profit for the year	11,493.18	16,650.17
Less:		
Dividend paid on Equity shares	919.76	3,372.60
Dividend Distribution Tax Paid	-	693.25
Balance as at the end of the year (b)	**71,666.38**	**61,092.96**
(c) Other Comprehensive Income		
Balance as at the beginning of year	(703.75)	(352.17)
Add: Other Comprehensive Income for the year	232.90	(351.58)
Balance as at the end of the year (c)	**(470.85)**	**(703.75)**
Total (a + b + c)	**72,350.77**	**61,544.45**

($) Retained Earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 21 NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Loans		
Foreign Currency Borrowings - External Commercial Borrowings		
From Bank {Refer to note no. 21.1}	8,917.28	12,471.93
Less : Current Maturity {Refer to note no. 24}	(3,242.85)	(3,325.85)
Total	**5,674.43**	**9,146.08**

Note 21.1 - Disclosure to Non Current Financial Liabilities : Borrowings

(i) The foreign currency borrowings is secured against exclusive charge on specific Land & Building and Plant & Machinery of the borrower at plot no. N-42/1, MIDC, Anand Nagar, Additional Ambernath Industrial Area, Ambernath - 421501, Maharashtra.

(ii) Remaining tenure of the borrowing is 33 Months.

NOTE 22 NON CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Derivatives Designated as Hedge		
Interest Rate Swaps	435.30	755.86
Total	**435.30**	**755.86**

NOTE 23 CURRENT FINANCIAL LIABILITIES : TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding due to Micro and Small Enterprises {Refer to note no. 23.1}	318.49	187.12
Others	10,525.35	8,239.55
Total	**10,843.84**	**8,426.67**

Note 23.1 - Disclosure to Current Financial Liabilities : Trade Payables

Dues to micro and small enterprises

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro and small enterprises amounting to ₹ 318.49 Lakhs (Previous Year: ₹ 187.12 Lakhs). The disclosure pursuant to MSMED Act based on the books of account is as under:

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid	318.49	187.12
(ii) Interest due and remaining unpaid	3.27	3.39
(iii) Interest paid in terms of Section 16 of MSMED Act	-	-
(iv) Amount of payments made to supplier beyond the appointed day	-	-
(v) Amount of interest due and payable for the period of delay on payment made beyond the appointed day during the year without adding interest specified under MSMED Act,2006	-	-
(vi) Amount of Interest accrued and remaining unpaid	3.27	3.39
(vii) Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the MSMED Act,2006	-	-

NOTE 24 CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of Long-term Borrowings	3,242.85	3,325.85
Trade / Security Deposits from Customers	250.89	162.65
Dividend Payable	0.72	0.48
Total	**3,494.46**	**3,488.98**

NOTE 25 OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues Liabilities	48.87	129.31
Contractual Liabilities {Refer to note no. 28.1}	300.34	284.07
Gratuity Liablity	-	144.74
Total	**349.21**	**558.12**

NOTE 26 CURRENT LIABILITIES : PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for CSR Expenses {Refer to note no. 35.1}	404.47	327.50
Total	**404.47**	**327.50**

NOTE 27 CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax (Net of Income Tax paid)	457.11	457.11
Total	**457.11**	**457.11**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 28 REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Revenue from Contracts with customers		
Sales - Specialty chemicals	1,09,575.36	1,01,537.46
Sales - Others	2,549.89	1,083.62
Total [A]	**1,12,125.25**	**1,02,621.08**
(B) Other Operating Revenue		
Income from sale of Scrap **[B]**	3.76	1.22
Total [A] + [B]	**1,12,129.01**	**1,02,622.30**

Note 28.1 - Other disclosure relating to Revenue from Contracts with Customers (Ind AS 115)

The Company is primarily in the Business of manufacture and sale of Speciality chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/ delivery. The Company evaluates the credit limits for the trade receivables. The Company does not give significant credit period resulting in no significant financing component.

Further, disaggregation of revenue based on geography has been mentioned under segment information. {refer to note no. 41.3}

Reconciliation of Revenue recognised from contracts with customers with contract liabilities

(₹ in lakhs)

Particulars	FY 2020-21	FY 2019-20
Opening Contract Liability	284.07	152.71
Add: Addition to contract liability during the year	8,022.80	6,060.93
Less: Recognised as revenue during the year	8,006.53	5,929.57
Closing Contract liability	**300.34**	**284.07**

Reconciliation of revenue as per contract price and as recognised in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contract with customer as per Contract Price	1,12,361.95	1,03,011.21
Less: Discounts and Rebates	22.88	29.04
Less: Sales Returns	213.82	361.09
Revenue from contract with customer as per statement of profit and loss	**1,12,125.25**	**1,02,621.08**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 29 OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Interest Income	708.90	893.12
Less: FD Interest on untilised borrowings transferred to CWIP	-	63.63
Net Interest Income {Refer to note no. 29.1}	**708.90**	**829.49**
Dividend Income	-	0.04
Net gain on foreign exchange fluctuations	957.61	1,195.53
Reversal of Expected Credit Loss Provisions	20.66	-
Other Non Operating Income		
Profit on Sale of Property, Plant and Equipment (Net of Loss)	1.56	13.58
Insurance claim received	13.68	2.77
Miscellaneous Income	-	9.71
Total	**1,702.41**	**2,051.12**

Note 29.1 - Particulars of Interest Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income from Financial Assets on Amortised Cost Basis [at EIR]	689.14	795.64
Interest Income from Non Financial Assets	19.76	33.85
Total	**708.90**	**829.49**

NOTE 30 COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Materials and Packing Materials Consumed		
Opening Stock at the beginning of the year	5,495.69	4,537.50
Add : Purchases and incidental expenses	71,067.14	64,559.16
Less : Closing stock at the end of the year	5,026.82	5,495.69
Total	**71,536.01**	**63,600.97**

Note 30.1 - Purchase of Stock-in-trade

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Traded Goods	3.99	0.18
Total	**3.99**	**0.18**

Note 30.2 - Particulars of Material Consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Materials	68,917.96	61,164.74
Packing Materials	2,618.05	2,436.23
Total	**71,536.01**	**63,600.97**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 31 CHANGES IN FINISHED GOODS, WORK IN PROGRESS AND TRADING GOODS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A] Opening stock of inventories		
Finished Goods	5,189.28	2,090.75
Semi-Finished Goods	147.49	281.60
Total [A]	**5,336.77**	**2,372.35**
B] Closing Stock of inventories		
Finished Goods	3,698.90	5,189.28
Semi-Finished Goods	556.04	147.49
Total [B]	**4,254.94**	**5,336.77**
Net Total [A] - [B]	**1,081.83**	**(2,964.42)**

NOTE 32 EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and other benefits to Directors	1,465.00	1,320.00
Salaries, wages & other benefits to others	5,699.37	5,208.97
Contribution to Provident Fund and Other Funds	209.93	195.64
Employee Welfare and other amenities	243.03	219.08
Total	**7,617.33**	**6,943.69**

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures as defined are given below:

A] Defined Contribution Plans

The Company makes contributions towards provident fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefit.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's Contribution to Pension Scheme	80.36	75.03
Employer's Contribution to Provident fund	32.77	34.26
Total	**113.13**	**109.29**

B] Defined Benefits Plans

The Company has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'Projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of Defined Benefit Obligation at beginning of the Year	1,017.78	816.04
Add : Service Cost		
(a) Current Service Cost	74.45	68.36
(b) Past Service Cost	-	-
(c) Loss/(Gain) from Settlement	-	-
Add: Current Interest Cost	65.14	59.57
Add: Benefit Paid	(23.50)	(29.81)
Add: Remeasurements of Actuarial (Gain) / Loss		
(a) From changes in Demographic assumptions	-	-
(b) From changes in Financial assumptions	8.31	64.92
(c) From experience over the past year	3.17	38.70
Effect of Acquisition/ (Divestiture)	-	-
Transfer In/(Out)	-	-
Changes in Foreign Exchange Rates	-	-
Present value of Defined Benefit Obligation at the end of the Year	**1,145.35**	**1,017.78**

(ii) Reconciliation of opening & closing balances of fair value of plan assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair Value of Plan Asset at beginning of the Year	873.04	844.11
Add: Contributions Paid by Employer	311.77	-
Add: Benefits Paid / (Received)	(23.50)	(29.81)
Add: Interest Income on Plan assets	62.15	59.83
Re-measurements		
(a) Actuarial (Loss)/Gain from changes in financial assumptions	-	-
(b) Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	1.95	(1.09)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Effect of Acquisition/ (Divestiture)	-	-
Transfer In/(Out)	-	-
Changes in foreign exchange rates	-	-
Fair Value of Plan Asset at the end of the Year	**1,225.41**	**873.04**
Actual Return on Plan Assets	64.10	58.74
Expected Employer Contributions for the coming year	-	150.00

(iii) Expenses recognised in Statement Profit and Loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service Cost		
(a) Current Service Cost	74.45	68.36
(b) Past Service Cost	-	-
(c) Loss/(Gain) from Settlement	-	-
Net Interest on net defined benefit liability/ (asset)	2.99	(0.26)
Employer Expenses	**77.44**	**68.10**

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(iv) Net Liability/(Assets) recognised in the Balance Sheet

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Defined Benefit Obligation at end of the Year	1,145.35	1,017.78
Less: Fair Value of Plan Asset at the end of the Year	1,225.41	873.04
Liability/ (Asset) recognised in the Balance Sheet	**(80.06)**	**144.74**
Funded Status [Surplus/(Deficit)]	**80.06**	**(144.74)**
Of which, Short term Liability	**-**	**-**
Experience Adjustment on Plan Liabilities: (Gain)/Loss	**3.17**	**38.70**
Experience Adjustment on Plan Assets: Gain/(Loss)	**-**	**-**

(v) Assumptions used to determine the defined benefit obligation

Particulars	As at March 31, 2021	As at March 31, 2020
Salary Growth Rate	5.00 % P.A.	5.00 % P.A.
Discount Rate(p.a.)	6.30% P.A.	6.40% P.A.
Interest Rate on net DBO	6.40% P.A.	7.30% P.A.
Withdrawal Rate	5.00 % P.A.	5.00 % P.A.
Mortality Table Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Expected weighted average remaining working life	7 years	8 years

(vi) Movement in Other Comprehensive Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at start of year (Loss)/ Gain	(227.41)	(122.70)
Re-measurements on DBO		
(a) Actuarial (Loss)/Gain from changes in demographic assumptions	-	-
(b) Actuarial (Loss)/Gain from changes in financial assumptions	(8.31)	(64.92)
(c) Actuarial (Loss)/Gain from experience over the past period	(3.17)	(38.70)
Re-measurements on Plan Assets		
(a) Actuarial (Loss)/Gain from changes in financial assumptions	-	-
(b) Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	1.95	(1.09)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at end of year (Loss)/ Gain	**(236.94)**	**(227.41)**

(vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of Sensitivity Analysis is given below:

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Salary Growth Rate	increases by ₹ 88.07 Lakhs	decreases by ₹ 81.09 Lakhs	increases by ₹ 83.24 Lakhs	decreases by ₹ 74.38 Lakhs
Discount Rate	decreases by ₹ 79.42 Lakhs	increases by ₹ 87.80 Lakhs	decreases by ₹ 72.81 Lakhs	increases by ₹ 82.91 Lakhs
Withdrawal Rate	increases by ₹ 6.16 Lakhs	decreases by ₹ 7.10 Lakhs	increases by ₹ 6.23 Lakhs	decreases by ₹ 7.01 Lakhs
Mortality (increase in expected lifetime by 1 year)	decreases by ₹ 0.17 Lakhs	-	decreases by ₹ 0.18 Lakhs	-
Mortality (increase in expected lifetime by 3 years)	decreases by ₹ 0.52 Lakhs	-	decreases by ₹ 0.53 Lakhs	-

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(viii) Movement in Surplus/ (Deficit)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Surplus/ (Deficit) at start of year	(144.74)	28.07
Add : Net Acquisition Adjustment	-	-
Transfer In / (Out) on net basis	-	-
Movement during the year		
Less : Current Service Cost	(74.45)	(68.36)
Less : Past Service Cost	-	-
Add : Net Interest on net DBO	(2.99)	0.26
Acturial Gain/ (Loss)	(9.53)	(104.71)
Add : Employer Contributions/ Benefits paid	311.77	-
Surplus/ (Deficit) at end of year	**80.06**	**(144.74)**

(ix) Risk Factors

Through its gratuity plans the Company is exposed to a number of risks, the most significant of which are detailed below:-

Interest Risk

A decrease in the bond Interest rate will increase the plan liability; however, In case of gratuity plan this will be partially offset by an increase In the return on the plan's assets.

Longevity Risk

The present value of Gratuity plan liability Is calculated by reference to the best estimate of the mortality of plan participants. An Increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the Gratuity plan liability is calculated by reference to the future salaries of plan participants. As such, an increase In the salary of the plan participants will increase the plan's liability.

Investment Risk

For funded plans that rely on Insurers for managing the assets, the value of assets certified by the Insurer may not be the fair value of Instruments backing the liability. In such cases, the present value of the assets Is Independent of the future discount rate. This can result In wide fluctuations In the net liability or the funded status If there are significant changes In the discount rate during the inter-valuation period.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 33 FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Interest Expenses	522.43	633.04
Less: Interest Expenses Transferred to CWIP (Including Interest rate Swaps Hedge Loss)	-	252.37
Net Interest Expenses	**522.43**	**380.67**
Bank Charges and Commission	86.56	97.45
Total	**608.99**	**478.12**

NOTE 34 DEPRECIATION & AMORTISATION EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant and Equipment	4,628.55	3,442.04
Amortisation on Intangible Assets	47.94	23.03
Total	**4,676.49**	**3,465.07**

NOTE 35 OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement & Publicity Expenses	6.64	6.25
Auditors Remuneration:		
(i) Statutory Audit	26.50	28.00
(ii) Taxation Matters	8.50	8.50
(iii) Limited Review Fees	9.00	9.75
(iv) Others	1.00	1.25
Remuneration to Cost Auditor	3.00	3.00
Consumption of Stores and Spares	36.74	42.71
Corporate Social Responsibility Expenses {refer to note no. 35.1}	398.35	335.56
Director Sitting Fees	25.20	11.35
Electricity Charges	51.05	60.53
Expected Credit Loss Provisions	-	39.44
Freight and Forwarding charges	2,943.29	2,034.62
Insurance Charges	232.93	133.88
Laboratory Expenses	87.71	92.14
Legal and Professional Fees	382.05	523.00
Other Administrative Expenses	243.70	168.91
Postage, Telephone and Telegram	93.17	81.15
Power, Fuel and Water Charges	5,225.44	4,927.16
Printing and Stationery Expenses	33.01	44.53
Product Registration Fees	0.50	-
Provision for Doubtful Receivables	-	15.81
Provision for Dimunition in value of Joint Venture	39.60	40.08

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent, Rates and Taxes	541.16	338.04
Repairs and Maintenance to:		
(i) Factory Building	93.17	185.89
(ii) Machinery	659.73	676.68
(iii) Others	215.98	204.15
Sales Promotion Expenses	14.42	87.83
Sales Commission	736.06	632.64
Security Charges	278.66	217.17
Seminar & Trade Fair Expenses	19.49	180.32
Subscription ,Membership, Books & Periodicals	77.68	34.71
Travelling and Conveyance Expenses	123.10	208.82
Vehicle Expenses	76.07	59.99
Total	**12,682.90**	**11,433.86**

Note 35.1 - Corporate Social Responsibility Expenses

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2021 and 2020 is ₹ 398.35 Lakhs and ₹ 335.56 Lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR).

The Company has spent an amount of ₹ 321.38 Lakhs and ₹ 454.66 Lakhs during the year ended March 31, 2021 and 2020 respectively towards various CSR Projects for the purpose other than construction/acquisition of any asset. The Company transferred ₹ 404.47 Lakhs (i.e unspent amount from the ongoing CSR projects of the Company) to separate Bank Account specially opened by the Company.

NOTE 36 RECONCILIATION OF REPORTED PROFIT TO TOTAL TAX EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before Tax	15,623.88	21,715.95
Applicable Income Tax rate	25.17%	25.17%
Expected income tax expense	3,932.22	5,465.47
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of Expenses / Provisions not deductible in determining taxable profit	287.52	59.57
Other Permanent Differences	100.26	84.45
Reported Income Tax Expense	4,320.00	5,609.49

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 37 DEFERRED TAX EXPENSES / (INCOME)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	-	-
Others	101.87	215.52
Sub Total (a)	**101.87**	**215.52**
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	292.76	759.23
Others	-	-
Sub Total (b)	**292.76**	**759.23**
Deferred tax Expenses / (Income) (a) - (b)	**(190.89)**	**(543.71)**

NOTE 38 EARNINGS PER EQUITY SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Computation of Profit (numerator)		
Net profit attributable to shareholders (` in lakhs)	11,493.18	16,650.17
(b) Weighted average number of shares (denominator)	3,06,59,976	3,06,59,976
Weighted Average number of Equity Shares used as denominator for calculating Basic & Diluted EPS	**3,06,59,976**	**3,06,59,976**
EPS (Basic & Diluted) (In `)	**37.49**	**54.31**

NOTE 39 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contingent Liabilities		
Income tax liability that may arise in respect of matters in appeal	532.17	150.30
Indirect taxes liability that may arise in respect of matters in appeal	27.16	5.72
Commitments		
Estimated contracts remaining to be executed on capital account not provided	2,207.81	1,046.76
Bank Guarantee	833.20	865.61

It is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities.

The Financial Statements of the Company for the year ended March 31, 2021 has been approved by the Board of Directors in its meeting held on May 27, 2021. For the year ended March 31, 2021, dividend of ₹ 11/- per share (Total dividend of ₹ 3372.60 lakhs) has been proposed by the Board of Directors at its meeting held on May 27, 2021. The same is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and therefore proposed dividend has not been recognised as liability as at the Balance Sheet Date in line with Ind AS - 10 “Events after the Reporting Period.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 40 RELATED PARTY TRANSACTIONS DISCLOSURE:

The Disclosure pertaining to the related parties as required by Indian Accounting Standard 24 issued by Ministry of Corporate Affairs (MCA), as applicable, are indicated below:

(a) List of Related Parties and relationships

Sr. No	Name of the Related Party	Nature of Relationship
	Key Management Personnel (KMP)	
1	Mukesh Maganlal Shah	Managing Director
2	Prakash Damodar Kamat	Chairman
3	Jayen Ramesh Shah	Executive Director & CEO
4	Tushar Ramesh Shah	Executive Director & CFO
5	Bimal Mukesh Shah	Executive Director
6	Parthasarathi Thiruvengadam	Independent Director
7	Mahesh Pansukhlal Sarda	Independent Director
8	Kaushik Dwarkadas Shah	Independent Director
9	Prakash Krishnaji Apte	Independent Director
10	Pratima Madhukar Umarji	Independent Director
11	Jyotsna Ramesh Shah	Relative of KMP
12	Jayshree Mukesh Shah	
13	Neeta Jayen Shah	
14	Bina Tushar Shah	
15	Esha Tushar Shah	
16	Rhea Tushar Shah	
17	Ramesh M. Shah - HUF	
18	Prakash D. Kamat - HUF	
19	Mukesh M. Shah - HUF	
20	Jayen R. Shah - HUF	
21	Tushar R. Shah - HUF	
22	Manali Jayen Shah	
23	Shaili Nirav Doshi	
24	Smoothex Chemicals Private Limited	Significant influence by KMP
25	Fine Organics	
26	Olefine Organics	
27	Oleofine Organics SDN. BHD.	
28	Oleofine Organics (Thailand) Co. Limited (upto 14th October, 2020)	
29	Fine Organic Industries	
30	Fine Organics (USA) Inc.	Subsidiaries
31	Fine Organics Europe BV	
32	Fine Zeelandia Private Limited	Jointly Controlled Entities
33	FineAdd Ingredients GmbH	

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(b) Transactions (in aggregate) with Related Parties during the period and their closing balances at the period end

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2020 to March 2021	April 2019 to March 2020	As at March 31, 2021	As at March 31, 2020
1	**Director's Remuneration**				
	Prakash Damodar Kamat	288.00	264.00	-	12.21
	Mukesh Maganlal Shah	288.00	264.00	-	12.21
	Jayen Ramesh Shah	288.00	264.00	-	12.21
	Tushar Ramesh Shah	288.00	264.00	-	12.21
	Bimal Mukesh Shah	288.00	264.00	-	12.21
	Parthasarathi Thiruvengadam	5.00	-	5.00	-
	Mahesh Pansukhlal Sarda	5.00	-	5.00	-
	Kaushik Dwarkadas Shah	5.00	-	5.00	-
	Prakash Krishnaji Apte	5.00	-	5.00	-
	Pratima Madhukar Umarji	5.00	-	5.00	-
2	**Director's Sitting Fees**				
	Parthasarathi Thiruvengadam	5.25	1.80	-	-
	Mahesh Pansukhlal Sarda	4.80	2.40	-	-
	Kaushik Dwarkadas Shah	5.25	2.30	-	-
	Prakash Krishnaji Apte	5.70	2.95	-	-
	Pratima Madhukar Umarji	4.20	1.90	-	-
3	**Sale of Goods**				
	Oleofine Organics SDN BHD	607.79	450.10	51.06	93.57
	Oleofine Organics (Thailand) Co.Ltd.	86.52	482.71	-	72.26
	Fine Organics (USA) Inc.	1,875.75	1,823.11	853.59	476.13
	Fine Organics Europe BV	3,512.23	3,993.99	1,326.10	1,523.80
	Fine Zeelandia Private Limited	1,296.52	1,263.23	-	96.85
4	**Sale of Licence**				
	Fine Zeelandia Private Limited	116.53	140.18	-	-
5	**Sale of Components / Assets**				
	Oleofine Organics SDN BHD	9.92	0.61	9.44	-
6	**Purchase of Goods**				
	Fine Zeelandia Private Limited	-	5.36	-	-
	Oleofine Organics SDN BHD	7.67	-	-	-
7	**Dividend paid/Proposed**				
	Prakash Damodar Kamat	133.59	489.81	-	-
	Jyotsna Ramesh Shah	129.78	475.85	-	-
	Tushar Ramesh Shah	110.98	406.91	-	-
	Jayen Ramesh Shah	102.71	376.60	-	-
	Bimal Mukesh Shah	63.50	232.85	-	-
	Mukesh Maganlal Shah	52.92	194.04	-	-
	Neeta Jayen Shah	19.80	72.59	-	-
	Bina Tushar Shah	17.23	63.18	-	-
	Jayshree Mukesh Shah	17.06	62.54	-	-
	Ramesh M. Shah HUF	9.27	33.99	-	-
	Jayen R. Shah HUF	9.21	33.77	-	-
	Mukesh M. Shah HUF	4.22	15.46	-	-
	Prakash D. Kamat HUF	4.12	15.09	-	-
	Shaili Nirav Doshi	3.69	13.52	-	-
	Rhea Tushar Shah	3.20	11.73	-	-
	Esha Tushar Shah	3.20	11.73	-	-
	Manali Jayen Shah	2.30	8.43	-	-
	Tushar R. Shah HUF	3.10	11.35	-	-

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2020 to March 2021	April 2019 to March 2020	As at March 31, 2021	As at March 31, 2020
8	**Salary to Relatives**				
	Manali Jayen Shah	29.50	31.50	-	1.67
9	**Export Commission**				
	Oleofine Organics SDN BHD	7.20	2.52	1.11	-
10	**Security Deposit - Rent**				
	Fine Organic Industries	-	-	14.46	17.49
	Olefine Organics	-	-	2.14	2.68
11	**Rent Expenses**				
	Fine Organics	3.38	-	-	-
	Fine Organic Industries	122.10	86.55	-	6.48
	Olefine Organics	53.46	21.53	-	1.62
	Smoothex Chemicals Pvt Ltd	3.38	-	-	-
	Prakash Damodar Kamat	8.40	8.40	-	0.63
	Jyotsna Ramesh Shah	29.63	8.40	-	0.63
	Jayshree Mukesh Shah	8.40	8.40	-	0.63
	Bina Tushar Shah	8.40	8.40	-	0.63
12	**Prepaid Rent**				
	Fine Organic Industries	-	-	3.54	0.51
	Olefine Organics	-	-	-	0.32
13	**Advances to Subsidiary(*)**				
	Fine Organics (USA) Inc.	(118.66)	(204.42)	279.56	372.06
14	**Reimbursement of Expenses**				
	Prakash Damodar Kamat #	-	1.40	-	-
	Mukesh Maganlal Shah #	(1.47)	1.40	-	-
	Jayen Ramesh Shah #	0.01	3.44	-	-
	Tushar Ramesh Shah #	-	1.42	-	-
	Jyotsna Ramesh Shah #	-	1.40	-	-
	Bimal Mukesh Shah	0.10	0.93	-	-
	Prakash Krishnaji Apte	-	0.32	-	-
	Manali Jayen Shah	-	0.18	-	-
	Fine Zeelandia Private Limited	0.27	2.26	-	-
15	**Investments in equity instruments**				
	Fine Organics (USA) Inc. (*)	-	-	185.36	195.36
	Fine Organics Europe BV (*)	-	-	28.03	28.03
	Fine Zeelandia Private Limited	-	2,710.00	4,028.43	4,028.43
	FineADD Ingredients GmbH	-	119.13	120.73	160.33
16	**Interest Income on Advances / Security deposit ($)**				
	Fine Organics (USA) Inc.	26.16	32.53	26.16	32.53
	Fine Organic Industries	1.44	1.59	1.44	1.59
	Olefine Organics	0.32	0.29	0.32	0.29

\# Includes reimbursement of IPO Expenses / Other Expenses

* Includes Ind AS adjustments, Foreign Exchange fluctuations gain / (loss) on transaction during the year & Closing Balance revaluation

$ Includes Ind AS adjustments

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. (Disclosure of compansation paid to key managerial person).

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 41 OPERATING SEGMENT DISCLOSURE

The Company has identified its reportable segment as "Specialty chemicals" since the Chief Operating Decision Maker (CODM) evaluates the Company's performance as a single segment in terms of Indian Accounting Standard 108 issued by Ministry of Corporate Affairs (MCA).

Note 41.1 - Disclosure for assets outside India

The Company does not have any non current non financial assets outside India

Note 41.2- Disclosure for major customers more than 10%

There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Note 41.3- Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the specialty chemicals portfolio of the Company are managed on a worldwide basis from India.

The Company has disaggregated its revenue from contract with customers and trade receivables on a geographical basis as under:

(₹ in lakhs)

Particulars	Revenue from contracts with customers	
	For the year ended March 31, 2021	For the year ended March 31, 2020
- In India	51,019.24	46,829.26
- Outside India	61,106.01	55,791.82
Total Revenue	**1,12,125.25**	**1,02,621.08**

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables		
- In India	5,127.24	4,433.37
- Outside India	12,461.76	10,234.21
Less : Expected Credit Loss on Trade Receivables	(136.34)	(157.00)
Total	**17,452.66**	**14,510.58**

NOTE 42 INTERNAL FINANCIAL CONTROL SYSTEM

The Company has proper internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded, and reported correctly. This internal control is supplemented by an extensive programme of internal audit, reviewed by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and also for maintaining accountability of assets. The management is committed to a regular review of this aspect.

The Company's process framework provides well-documented operating procedures and authorities with adequate built-in controls. The internal control is further enhanced by an extensive programme of internal, external audits and periodic review by the management. The system ensures that financial and other records are reliable to prepare financial information and other data and also for maintaining assets accountability.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 43 IMPACT OF COVID-19

The management has evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no significant impact on the financial results of the Company, as at and for the year ended March 31, 2021.

The management will continue to monitor any material changes to its COVID-19 impact assessment, resulting from the future economic conditions and future uncertainty, if any. Further, based on the response on questionnaire submitted, the management of the Company confirm that there is no material impact on the financial statements.

NOTE 44 DISCLOSURE PURSUANT TO SECTION 186 (4) OF THE COMPANIES ACT, 2013

(a) Investment made (at amortised cost)

(₹ in lakhs)

Name of entity	As at March 31, 2021	As at March 31, 2020
Fine Organics (USA), Inc.	185.36	195.36
Fine Organics Europe BV	28.03	28.03
Fine Zeelandia Private Limited	4,028.43	4,028.43
FineADD Ingredients GmbH	120.73	160.33

(b) Advances Given to wholly owned subsidiary

(₹ in lakhs)

Name of entity	As at March 31, 2021	As at March 31, 2020
Fine Organics (USA), Inc.	279.56	372.06

NOTE 45 OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

The Company's significant leasing arrangements are in respect of operating leases for building premises (offices, plant, godowns etc). These leasing arrangements are non-cancellable in nature, and are usually renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease payment recognised in the statement of profit and loss	60.12	46.65
Minimum lease payments under non cancellable operating leases payable		
Not later than 1 year	39.03	37.55
Later than 1 year but not less than 5 years	156.12	150.20
Later than 5 years	3,096.36	3,022.50
Total future minimum lease payment	3,291.51	3,210.25

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 46 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments

(₹ in lakhs)

Particulars		Note Nos	Carrying Value		Fair Value	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	FINANCIAL ASSETS					
A]	**Financial assets at fair value through profit & loss**		-	-	-	-
B]	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	Note 7	4.80	4.60	4.80	4.60
C]	**Financial assets at amortised cost**					
	Non Current Financial Assets : Investments	Note 7	4,362.55	4,412.15	4,362.55	4,412.15
	Non Current Financial Assets : Loans	Note 8	403.05	471.94	403.05	471.94
	Non Current Financial Assets : Others	Note 9	255.72	301.18	255.72	301.18
	Current Financial Assets : Trade Receivables	Note 13	17,452.66	14,510.58	17,452.66	14,510.58
	Current Financial Assets : Cash and Cash Equivalents	Note 14	25,640.72	20,087.93	25,640.72	20,087.93
	Current Financial Assets : Bank Balances	Note 15	477.01	475.14	477.01	475.14
	Current Financial Assets : Others	Note 16	23.96	32.80	23.96	32.80
	FINANCIAL LIABILITIES					
A]	**Financial liabilities at fair value through profit & loss**		-	-	-	-
B]	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings (Including Current Maturity on Long Term Borrowing)	Note 21	8,917.28	12,471.93	8,917.28	12,471.93
	Non Current Financial Liabilities : Others	Note 22	435.30	755.86	435.30	755.86
	Current Financial Liabilities : Trade Payable	Note 23	10,843.84	8,426.67	10,843.84	8,426.67
	Current Financial Liabilities : Others	Note 24	251.61	163.13	251.61	163.13

In all cases, the management has assessed that the fair value of all financial assets and liabilities at Amortised Cost approximate their carrying amounts as stated above.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 47 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Note 47.1 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:

(₹ in lakhs)

Particulars		Fair value measurement using				
		Date of Valuation	Total	Level 1*	Level 2*	Level 3*
	FINANCIAL ASSETS					
A)	**Financial assets at fair value through profit & loss**	-	-	-	-	-
B]	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	March 31, 2020 {Refer Note No. 47.3}	4.80	-	4.80	-
C)	**Financial assets at amortised cost**					
	Non Current Financial Assets: Investments	March 31, 2021	4,362.55	-	-	4,362.55
	Non Current Financial Assets : Loans	March 31, 2021	403.05	-	-	403.05
	Non Current Financial Assets : Others	March 31, 2021	255.72	-	-	255.72
	Current Financial Assets : Trade Receivables	March 31, 2021	17,452.66	-	-	17,452.66
	Current Financial Assets : Cash and Cash Equivalents	March 31, 2021	25,640.72	-	-	25,640.72
	Current Financial Assets : Bank Balances	March 31, 2021	477.01	-	-	477.01
	Current Financial Assets : Others	March 31, 2021	23.96	-	-	23.96
	FINANCIAL LIABILITIES					
A)	**Financial liabilities at fair value through profit & loss**	-	-	-	-	-
B)	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings (Including Current Maturity on Long Term Borrowing)	March 31, 2021	8,917.28	-	-	8,917.28
	Non Current Financial Liabilities : Others	March 31, 2021	435.30			435.30
	Current Financial Liabilities : Trade Payable	March 31, 2021	10,843.84	-	-	10,843.84
	Current Financial Liabilities : Others	March 31, 2021	251.61	-	-	251.61

*Refer Note no .2.5 for Fair value measurement method

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 47.2 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

(₹ in lakhs)

Particulars		Fair value measurement using				
		Date of Valuation	Total	Level 1*	Level 2*	Level 3*
	FINANCIAL ASSETS					
A)	**Financial assets at fair value through profit & loss**	-	-	-	-	-
B]	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	March 31, 2019 {Refer Note No. 47.3}	4.60	-	4.60	-
C)	**Financial assets at amortised cost**					
	Non Current Financial Assets : Investments	March 31, 2020	4,412.15	-	-	4,412.15
	Non Current Financial Assets : Loans	March 31, 2020	471.94	-	-	471.94
	Non Current Financial Assets : Others	March 31, 2020	301.18	-	-	301.18
	Current Financial Assets : Trade Receivables	March 31, 2020	14,510.58	-	-	14,510.58
	Current Financial Assets : Cash and Cash Equivalents	March 31, 2020	20,087.93	-	-	20,087.93
	Current Financial Assets : Bank Balances	March 31, 2020	475.14	-	-	475.14
	Current Financial Assets : Others	March 31, 2020	32.80	-	-	32.80
	FINANCIAL LIABILITIES					
A)	**Financial liabilities at fair value through profit & loss**					
B)	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings (Including Current Maturity on Long Term Borrowing)	March 31, 2020	12,471.93	-	-	12,471.93
	Non Current Financial Liabilities : Others	March 31, 2020	755.86	-	-	755.86
	Current Financial Liabilities : Trade Payable	March 31, 2020	8,426.67	-	-	8,426.67
	Current Financial Liabilities : Others	March 31, 2020	163.13	-	-	163.13

*Refer Note no .2.5 for Fair value measurement method

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 47.3 - Measurement of Fair Value : Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values for assets and liabilities carried at fair value through profit or loss

	Type		Valuation Technique
	FINANCIAL ASSETS		
A)	**Financial assets at fair value through profit & loss**		Not Applicable
B]	**Financial assets at fair value through OCI**		
	Non current financial assets: Investments		Level - 2: The fair value is determined as on the reporting date based on value per share derived from net worth of the Company as per the latest available annual report, since there is no other publically available market based information for similar entities.
C)	**Financial assets at amortised cost**		
	Non Current Financial Assets : Investments		Level - 3: The fair value is determined as on the reporting date based on amortised cost method by considering the discount rates based on yields of comparable investments or the transaction values where these are short term in nature.
	Non current financial assets: Loans		
	Non current financial assets: Others		
	Current financial assets : Trade receivables		
	Current financial assets : Cash and cash equivalents		
	Current financial assets : Bank balances		
	Current financial assets : Others		
	FINANCIAL LIABILITIES		
A)	**Financial liabilities at fair value through profit & loss**		Not Applicable
B]	**Financial liabilities at amortised cost:**		
	Non current financial liabilities : Borrowings (including current maturity of long term borrowing)		Level - 3: The fair value is determined as on the reporting date based amortised cost method.
	Non Current Financial Liabilities : Others		
	Current financial liabilities : Trade payable		
	Current financial liabilities : Others		

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 48 CAPITAL MANAGEMENT

For the purposes of the Company's capital management, capital includes issued equity share capital, all other reserves and borrowed capital less reported cash and cash equivalents.

The primary objective of the Company's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Company's policy is to borrow primarily through banks to maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Company.

The Company monitors capital on the basis of cost of capital. The Company is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Company:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Long Term Borrowing (including current maturities of long term borrowings)	8,917.28	12,471.93
Short Term Borrowing	-	-
Less: Cash and cash equivalents	26,337.33	20,825.86
TOTAL BORROWING (NET)	**(17,420.05)**	**(8,353.93)**
Equity Share Capital	1,533.00	1,533.00
Other Equity	72,350.77	61,544.45
TOTAL EQUITY	**73,883.77**	**63,077.45**
Gearing ratio (Net Debt/ Total Equity)	(0.24)	(0.13)

No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTE 49 FINANCIAL RISK MANAGEMENT FRAMEWORK

A) Financial Risk Management

The Company's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below :

1) Market Risk

Market Risks arise due to Changes in Interest rates, Foreign Exchange rates and changes in Market prices.

(i) Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's long-term debt obligations with floating interest rates

The Company's policy is generally to undertake long-term borrowings using facilities that carry floating-interest rate. The Company manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Moreover, the short-term borrowings of the Company do not have a significant fair value or cash flow interest rate risk due to their short tenure.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates.

As at the end of reporting period, the Company had following long term variable interest rate borrowings and derivatives to hedge the interest rate risk are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Notional value of liability	8,917.28	12,471.93
Less: Interest Rate Swap on above Liability	8,917.28	12,471.93
Net exposure	**-**	**-**

Disclosure of Effects of Interest Rate Swaps Hedge accounting on Financial Position as at March 31, 2021

(₹ in lakhs)

Particulars	Nominal value of liability	Carrying amout of hedging instrument	Maturity date	Hedge ratio
Interest Rate Risk				
- Interest Rate Swaps	8,917.28	435.30	December 2023	1:1

Disclosure for gain / (loss) recognised in cashflow hedging reserve and recycled during the year

For FY 2020-21

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	755.86	-	-	320.56	320.56	435.30

For FY 2019-20

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	390.92	364.94	-	-	-	755.86

Interest rate sensitivity

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts to hedge its foreign currency exposures in USD and Euro.

a) Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any Derivative Instruments for trading and Speculation purposes.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Forward Exchange Contracts used for hedging foreign exchange currency exposure and outstanding as at reporting date as at under:

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent
Forward Contract to Sell USD	29	28.50	2,094.75	86	78.25	5,899.27
Forward Contract to Sell Euro	36	25.00	2,152.50	56	37.50	3,114.38

b) The unhedged exposures as at the end of the reporting date as as follows

(Amount in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency
Financial Assets				
Trade Receivables - USD	7,316.41	$99.53	1,200.35	$15.92
Trade Receivables - Euro	616.05	€ 7.16	-	-
Advance to Subsidiary	279.56	€ 3.50	372.06	€ 5.00
Financial Liabilities				
Long term Borrowings - USD	8,917.28	$121.32	12,471.93	$165.44
Net Exposure - USD	**(1,321.31)**	**($18.29)**	**(10,899.52)**	**($144.52)**
Net Exposure - Euro	**616.05**	**€ 7.16**	**-**	**-**

In case of change in the currencies by 1%, the change in the profit would be as under :

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Change	USD $	EURO €	Change	USD $	EURO €
1% Depreciation in INR	1%	(13.21)	6.16	1%	(109.00)	-
1% Appreciation in INR	1%	13.21	(6.16)	1%	109.00	-

(iii) Market Price Risks

The Company is affected by the price stability of certain commodities. Purchases of Raw Materials from our top 2 suppliers constitute approximately 41.30% of our total purchases made from all suppliers. We do not enter into supplier contracts for duration beyond period of 3-6 months. If suppliers do not supply us, there can be no assurance that we will be able to identify alternative suppliers in future at similar cost. Any disruption in the supply of the raw materials could disrupt our manufacturing operations, which could have a material adverse effect on our business, results of operations and financial condition.

The Company's total imports of raw materials is approximately 26.29% (P.Y.: 30.00%) of the total raw material consumed. The cost of our imported raw material affected by the fluctuation in the rate of foreign exchange of the currency in which we purchase these raw materials (primarily in USD) and the Rupee.The Company has a risk management framework aimed at prudently managing the price risk arising from the volatility in commodity prices and freight costs and tries to pass on increases in the costs to its customers to whatever extent possible.

2) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares and Balances with Banks.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

NOTES FORMING INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits (generally between 30 to 90 days) and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended March 31, 2021 is 0.81% (P.Y. 0.67%) of the total trade receivables. The Company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

3) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has obtained fund and non-fund based borrowings from banks. The Company invests its surplus funds in bank fixed deposit which carry low credit risks.

All payments are made on due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Maturity to Financial Liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(₹ in lakhs)

Particulars	Outstanding Balance as on March 31, 2021	Less than 1 year	1-3 years	3-5 years	More than 5 years
"Long term Borrowings (including Current maturity on Long Term Borrowings)"	8,917.28	3,242.85	5,674.43	-	-
Trade Payable	10,843.84	10,843.84	-	-	-
Securities Deposits taken	250.89	250.89	-	-	-
Statutory Dues Payable	48.87	48.87	-	-	-
Advances from Customer	300.34	300.34	-	-	-
Provision - Others	404.47	404.47	-	-	-
Income Tax	457.11	457.11	-	-	-

NOTE 50

The Company has approved formation of Joint Venture Company (JVC) in Thailand in the Board Meeting. Subsequently on May 06 2021, the Company has executed Joint Venture Agreement with M/s. Oleofine Organics Thailand Co. Ltd. and Oleofine Organics Sdn. Bhd.

The proposed shareholding of the JVC shall be as follows-

Company Name	Percentage
Fine Organic Industries Limited	45%
Oleofine Organics Thailand Co. Ltd.	45%
Oleofine Organics Sdn. Bhd.	10%

INDEPENDENT AUDITOR'S REPORT

To,

The Members of

Fine Organic Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Fine Organic Industries Limited** (herein referred to as the "Parent Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and jointly controlled entities, which comprise the Consolidated Balance Sheet as at **March 31, 2021,** and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended and notes to the Consolidated Ind AS Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at **March 31, 2021,** and their consolidated profit, their consolidated total comprehensive income, their consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matters

We draw attention to Note No. 44 of the Consolidated Ind AS Financial Statement, as regards the management's evaluation of COVID-19 impact on the future performance of the Group.

We further draw attention to advances given to Maharashtra Industrial Development Corporation (MIDC) of ₹ 2,420.00 lakhs for allotment of plot at Pale, Ambernath (Maharashtra) appearing in Note No. 11 of the Consolidated Ind AS Financial Statements and relevant note given by the Group.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

1 Revenue Recognition

For the year ended March 31, 2021 the Group has recognised revenue from contracts with customers amounting to ₹ 1,13,318.08 lakhs.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

INDEPENDENT AUDITOR'S REPORT (Contd.)

The group has generally concluded that as principal, it typically controls the goods or services before transferring them to the customer.

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

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

Revenue is also an important element of how the group measures its performance. The group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the risk and rewards have been transferred.

Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it was determined to be a key audit matter in our audit of the Consolidated Ind AS Financial Statements.

Auditors' Response

Our audit procedures included the following:

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

INFORMATION OTHER THAN THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Parent's Management and Board of Directors are responsible for other information. The other information comprises the information included in the Annual Report including annexure to Annual Report, Management Discussion & Analysis Report, Business Responsibility Report, etc., but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information, compare with the Consolidated Ind AS Financial Statements of the subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint ventures is traced from their Consolidated Ind AS Financial Statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Management and Board of Directors of the Parent Company is responsible for the matters specified in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS

INDEPENDENT AUDITOR'S REPORT (Contd.)

Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, consolidated changes in equity and cash flows of the Group including Jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective management and Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for assessing the ability of the Group and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate any Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for overseeing the Company's financial reporting process of the Group and of its jointly controlled entities.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

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

- Identify and access the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors of the Parent Company.
- Conclude on the appropriateness of Management and Board of Directors of the Parent Company use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated

INDEPENDENT AUDITOR'S REPORT (Contd.)

Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the business activities within the Group and its joint ventures to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Ind AS Financial Statements of such business activities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the business activities included in the Consolidated Ind AS Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The accompanying Consolidated Ind AS Financial Statements include the financial statements and other financial information of one Joint Venture, which reflects group's share of Net Loss after tax of ₹ 130.45 lakhs for the year ended March 31, 2021, which have been audited by us.

We did not audit the financial statements / information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 3,010.98 lakhs (before eliminating inter group transactions) as at March 31, 2021, total revenues of ₹ 6,580.81 lakhs and net cash outflows amounting to ₹ 221.88 lakhs for the year ended on that date and financial statements and other financial information of 1 Joint Venture which reflects Group's Share of net loss after tax of ₹ NIL for the year ended March 31, 2021. As informed to us by the management of Parent Company, the financial statements / financial results of these subsidiaries and one jointly controlled entity are not required to be audited under the regulations governing the entities and therefore have been compiled by the accountant of the subsidiaries and one jointly controlled entity and certified by the management of the Parent Company, and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries, jointly controlled Company and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled companies is based solely on the financial statement / financial information provided by the management.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the Consolidated Ind AS Financial Statements of the subsidiaries and joint ventures referred to in the Other

INDEPENDENT AUDITOR'S REPORT (Contd.)

Matters section above we report, to the extent applicable that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the Directors of the Parent Company as on March 31, 2021 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group Companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in Annexure- A which is based on the auditor's reports of the Group.

g) With respect to the other matters to be included in the auditor's report in accordance with the requirement of the section 197(6) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by Parent Company to its Directors during the year is in accordance with the provision of section 197 of the Act.

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

   (i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.

   (ii) Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   (iii) There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **B Y & Associates**
Chartered Accountants
Firm's registration number: 123423W

CA Bhavesh Vora
Partner
Membership Number: 043908
Date : May 27, 2021
Place : Mumbai
ICAI: 21043908AAAAAS1670

'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT

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

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Fine Organic Industries Limited** (hereinafter referred to as 'the Parent') and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent Company, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial

'ANNEXURE – A' TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Parent Company and the joint ventures, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B Y & Associates**
Chartered Accountants
Firm's registration number: 123423W

CA Bhavesh Vora
Partner
Membership Number: 043908
Date : May 27, 2021
Place : Mumbai
ICAI: 21043908AAAAAS1670

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
A) Non Current Assets			
Property, Plant and Equipment	Note 4	19,531.15	21,591.69
Capital Work-In Progress	Note 5	2,630.42	584.11
Intangible Assets	Note 6	54.18	85.74
Financial Assets			
- Investment	Note 7	3,109.91	3,279.76
- Loans	Note 8	123.49	99.88
- Others	Note 9	255.72	301.18
Deferred Tax Assets (Net)	Note 10	794.90	671.81
Other Non-Current Assets	Note 11	6,214.71	6,165.23
Total Non Current Assets (A)		**32,714.48**	**32,779.40**
B) Current Assets			
Inventories	Note 12	12,617.94	13,167.15
Financial Assets			
- Trade Receivables	Note 13	16,098.17	13,233.32
- Cash and Cash Equivalents	Note 14	25,897.28	20,566.37
- Bank Balances	Note 15	477.01	475.14
- Others	Note 16	23.96	32.80
Current Tax Assets (Net)	Note 17	526.99	702.10
Other Current Assets	Note 18	6,341.35	4,249.36
Total Current Assets (B)		**61,982.70**	**52,426.24**
Total Assets (A + B)		**94,697.18**	**85,205.64**
EQUITY AND LIABILITIES			
A) Equity			
Equity Share Capital	Note 19	1,533.00	1,533.00
Other Equity	Note 20	71,605.67	60,356.07
Total Equity (A)		**73,138.67**	**61,889.07**
B) Non Controlling Interest	Note 21	6.91	5.08
Liabilities			
C) NON CURRENT LIABILITIES			
Financial Liabilities			
- Borrowings	Note 22	5,674.43	9,146.08
- Others	Note 23	435.30	755.86
Total Non Current Liabilities (C)		**6,109.73**	**9,901.94**
D) CURRENT LIABILITIES			
Financial Liabilities			
- Trade Payables			
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	Note 24	318.49	187.12
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	Note 24	10,400.06	8,387.96
- Others	Note 25	3,494.46	3,488.98
Other Current Liabilities	Note 26	367.28	560.88
Provisions	Note 27	404.47	327.50
Current Tax Liabilities (Net)	Note 28	457.11	457.11
Total Current Liabilities (D)		**15,441.87**	**13,409.55**
Total Equity and Liabilities (A + B + C + D)		**94,697.18**	**85,205.64**

The accompanying notes 1 to 53 are integral part of the Consolidated Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

Mukesh Shah
Managing Director

Jayen Shah
Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from Operations	Note 29	1,13,321.84	1,03,807.97
Other Income	Note 30	1,709.77	2,018.59
Total Income		**1,15,031.61**	**1,05,826.56**
EXPENSES			
Cost of Materials Consumed	Note 31	71,536.01	63,600.97
Purchase of Stock-In-Trade	Note 31.1	487.29	490.16
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-In-Progress	Note 32	578.37	(3,160.25)
Employee Benefit Expenses	Note 33	7,956.73	7,245.46
Finance Costs	Note 34	612.98	482.11
Depreciation & Amortisation Expenses	Note 35	4,676.91	3,465.53
Other Expenses	Note 36	12,837.96	11,584.36
Total Expenses		**98,686.25**	**83,708.34**
Profit/(Loss) before Share of Profit/(Loss) of a Joint Venture and Exceptional Items		**16,345.36**	**22,118.22**
Share of Profit / (Loss) of Joint Ventures (net of tax)		(130.45)	(506.03)
Profit Before Exceptional Items and Tax		**16,214.91**	**21,612.19**
Profit Before Tax		**16,214.91**	**21,612.19**
TAX EXPENSES			
Current Tax	Note 37	4,380.61	5,666.23
Deferred Tax Expense / (Income)	Note 38	(201.42)	(534.05)
Short / (Excess) Provision for earlier Years		1.59	-
Profit / (Loss) For the Year		**12,034.13**	**16,480.01**
OTHER COMPREHENSIVE INCOME			
(i) Items that will not be reclassified to Profit or Loss			
(a) Changes in Fair Value of Equity Instruments through OCI		0.20	(0.18)
(b) Remeasurements of Loss on Employees Defined Benefits Plan		(9.53)	(104.71)
(c) Amount recognised in Cashflow Hedging Reserve during the Year		320.56	(364.94)
(ii) Income Tax Relating to Items that will not be reclassified to Profit or Loss		(78.33)	118.25
Total Other Comprehensive Income		**232.90**	**(351.58)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,267.03**	**16,128.43**
Net Profit / (Loss) attributable to :-			
Owners of the Company		12,032.30	16,478.13
Non-Controlling Interest		1.83	1.88
Total Comprehensive Income attributable to :-			
Owners of the Company		12,265.20	16,126.55
Non-Controlling Interest		1.83	1.88
Earnings Per Equity Share			
Basic	Note 39	39.25	53.75
Diluted		39.25	53.75

The accompanying notes 1 to 53 are integral part of the Consolidated Ind AS Financial Statements.

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

Prakash Kamat
Chairman

Mukesh Shah
Managing Director

Jayen Shah
Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A) Equity Share Capital

(₹ in lakhs)

Particulars	No. of Shares	Amounts
Equity Share Capital at the beginning of the Year i.e. April 01, 2020	3,06,59,976	1,533.00
Add / (Less) : Changes in Equity Share Capital during the Year 2020-21	-	-
Equity Share Capital at the end of the Year i.e. March 31, 2021	**3,06,59,976**	**1,533.00**

B) Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus					
	Amalgamation Reserve	Retained Earnings	Foreign Exchange Translation Reserve	Legal Reserve	Other Comprehensive Income	Total
Balance as at April 01, 2019	**1,155.24**	**48,016.17**	**(330.01)**	**1.45**	**(352.17)**	**48,490.68**
Add: Profit for the Year	-	16,480.01	(195.41)	0.10	-	16,284.70
Add: Other Comprehensive Income (net of tax)	-	-	-		(351.58)	(351.58)
Total Comprehensive Income for the Year	**1,155.24**	**64,496.18**	**(525.42)**	**1.55**	**(703.75)**	**64,423.80**
Less: Dividend Paid on Equity Shares	-	3,372.60			-	3,372.60
Less: Dividend Distribution Tax Paid	-	693.25			-	693.25
Less: Non Controlling Interest	-	1.88			-	1.88
Balance as at March 31, 2020	**1,155.24**	**60,428.45**	**(525.42)**	**1.55**	**(703.75)**	**60,356.07**
Add: Profit for the Year	-	12,034.13	(95.89)	0.05	-	11,938.29
Add: Other Comprehensive Income (net of tax)	-	-			232.90	232.90
Total Comprehensive Income for the Year	**1,155.24**	**72,462.58**	**(621.31)**	**1.60**	**(470.85)**	**72,527.26**
Less: Dividend Paid on Equity Shares	-	919.76			-	919.76
Less: Dividend Distribution Tax Paid	-	-			-	-
Less: Non Controlling Interest	-	1.83				1.83
Balance as at March 31, 2021	**1,155.24**	**71,540.99**	**(621.31)**	**1.60**	**(470.85)**	**71,605.67**

The accompanying notes 1 to 53 are integral part of the Consolidated Ind AS Financial Statements

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

For and on behalf of the Board of Directors
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Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Net Profit Before Tax		**16,214.91**		**21,612.19**
A}	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Adjustments for:				
	Depreciation of Property, Plant and Equipment	4,628.97		3,442.50	
	Amortisation of Intangible Assets	47.94		23.03	
	Loss / (Profit) on sale of Fixed Assets (net)	(1.56)		(13.58)	
	Interest Income	(672.82)		(852.33)	
	Staff Welfare	5.95		4.44	
	Rent - Others	3.97		3.82	
	Interest Expenses	522.43		633.05	
	Remeasurement of Employees Benefit Plans	(9.53)		(104.71)	
	Change in Foreign Currency Translation Reserve	(95.84)		(195.37)	
	Net loss/ (gain) on Foreign Exchange Fluctuations	(957.61)		(1,195.53)	
	Share of Loss from Joint Venture Entity	130.45		506.03	
	Lease Rent on Leasehold Properties	60.13		46.65	
	Expected Credit Loss Provisions / (Reversal)	(20.66)		39.44	
	Provision for Dimunition in Value of Investment	39.60		40.08	
	Income Tax Written off for Earlier Years	1.59		-	
			3,683.01		2,377.52
	Operating Profit Before Working Capital Movements		**19,897.92**		**23,989.71**
	Movement in Working Capital:				
	Decrease / (Increase) in Inventories	549.21		(4,240.84)	
	Decrease / (Increase) in Trade Receivables	(2,844.19)		2,289.12	
	Decrease / (Increase) in Other Bank Balances	(1.87)		(366.40)	
	Decrease / (Increase) in Current Financial Assets : Others	8.84		(5.25)	
	Decrease / (Increase) in Other Current Assets	(2,091.99)		3,294.83	
	Increase / (Decrease) of Current Financial Liabilities : Borrowings	-		(2,019.15)	
	Increase / (Decrease) in Trade Payables	2,143.47		3,236.61	
	Increase / (Decrease) in Current Financial Liabilities : Others	5.48		1,838.57	
	Increase / (Decrease) in Other Current Liabilities	(193.60)		203.55	
	Increase / (Decrease) in Current Provisions	76.97		(119.10)	
			(2,347.68)		4,111.94
	Cash Generated From Operations		**17,550.24**		**28,101.65**
	Income Tax Paid		(4,207.09)		(6,200.53)
	Net Cash Flows From Operating Activities (A)		**13,343.15**		**21,901.12**
B}	**CASH FLOWS (USED IN) / GENERATED FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment, including CWIP	(4,626.52)		(7,215.76)	
	Prepaid Rent in Leasehold Properties	(142.42)		27.47	
	Liability booked against advance given for Capital Goods	40.08		838.18	
	Purchase of Intangible Assets	(16.38)		(74.26)	
	Proceeds from Sale of Property, Plant and Equipment	13.34		22.20	

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount (invested)/matured in Bank Fixed Deposits	43.19		(86.72)	
	Additional Investment in Joint Ventures	-		(2,829.13)	
	Interest Received	662.90		844.07	
	Net Cash Flows Used In Investing Activities (B)		**(4,025.81)**		**(8,473.95)**
C}	**NET CASH FLOWS (USED IN)/ GENERATED FROM FINANCING ACTIVITIES**				
	Repayment of Non Current Borrowings	(3,471.65)		(136.10)	
	Security Deposit Received back / (given)	(6.59)		(34.47)	
	Employee Advance (given) /received back	(23.61)		0.94	
	Dividend and Dividend Distribution Tax paid	(919.76)		(4,065.84)	
	Interest paid	(522.43)		(633.05)	
	Net Loss/ (Gain) on Foreign Exchange Fluctuations	957.61		1,195.53	
	Net Cash Flows Used In Financing Activities (C)		**(3,986.43)**		**(3,672.99)**
	Net Increase / (Decrease) In Cash & Cash Equivalents (A+B+C)		**5,330.91**		**9,754.18**
	Cash & Cash Equivalents At The Beginning Of The Year		**20,566.37**		**10,812.19**
	Cash & Cash Equivalents At The Year End {Refer to note no. 14}		**25,897.28**		**20,566.37**
	Components Of Cash & Cash Equivalents :				
	Balances with Banks				
	In Current Account	7,265.55		15,668.54	
	In Exchange Earners' Foreign Currency Account	761.72		404.86	
	In Fixed Deposit Account	17,849.76		4,470.90	
	Cash on Hand	20.25		22.07	
			25,897.28		**20,566.37**

The accompanying notes 1 to 53 are integral part of the Consolidated Ind AS Financial Statements

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

CA Bhavesh Vora
Partner
Membership No. 043908
Place: Mumbai
Date: May 27, 2021

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

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Managing Director

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Director & CEO

Tushar Shah
Director & CFO

Pooja Lohor
Company Secretary

Place: Mumbai
Date: May 27, 2021

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. CORPORATE INFORMATION

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

The Consolidated Financial Statements were approved and authorised for issue with the resolution of the Board of Directors on May 27, 2021 and are subject to the approval of Shareholders in the Annual General Meeting.

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

The subsidiaries are engaged in trading of product manufactured by the Parent Company.

One of its jointly controlled entity incorporated in India is into the business of manufacturing, processing, supplying, distribution, dealership, importing and exporting of powder premixes for bakery & confectionary products and pan release agents.

The Parent Company has completed Initial Public offering (IPO) of 76,64,994 shares of ₹ 5/- each at an offer price of ₹ 783/- per Equity Share aggregating to ₹ 60,017 lakhs, through offer for sale. Equity shares of the Group are listed on July 02, 2018 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Company has following investments in Subsidiaries and Joint Ventures:

Particulars	Name of Entities			
	Fine Organics (USA), Inc	Fine Organics Europe BV	Fine Zeelandia Private Limited	FineADD Ingredients GmbH
Principal place of business and Country of incorporation	United States of America	Belgium	India	Germany
Description of the method used to account for investments	Line by line Consolidation	Line by line Consolidation	Equity method	Equity method
Investee relationship	Subsidiary Company	Subsidiary Company	Joint Venture	Joint Venture
Proportion of ownership interest	100·00%	99.46%	50.00%	50.00%

2. BASIS OF PREPARATION:

2.1 Statement of compliance

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

2.2 Functional and presentation currency

Items included in the financial statements of each entities of the Group are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupees, which is the functional and presentation currency of the Company.

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgements

The preparation of the Consolidated Financial Statements in accordance with Ind AS requires use of judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2021 are as follows:

a) Property, plant and equipment

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

b) Revenue from contracts with customers

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

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

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

c) Recognition and measurement of defined benefit obligations

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

d) Recognition of deferred tax assets

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

e) Contingent Liabilities, Commitments and Litigations

Contingent liabilities

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

Litigation

From time to time, the Group might be subject to legal proceedings the ultimate outcome of

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

2.5 Measurement of fair values

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Operating cycle

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

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

2.7 Current / non-current classification

An entity shall classify an asset as current when:

a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

b) It holds the asset primarily for the purpose of trading;

c) It expects to realise the asset within twelve months after the reporting period; or

d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

An entity shall classify a liability as current when-

a) It expects to settle the liability in its normal operating cycle;

b) It holds the liability primarily for the purpose of trading;

c) The liability is due to be settled within twelve months after the reporting period; or

d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

2.8 Basis of consolidation

The Consolidated financial statements (CFS) comprise the financial statements of the Parent Company, its subsidiaries & its jointly controlled entities as at the reporting date.

Subsidiaries

Subsidiaries include all the entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which the Parent Company attains control and are deconsolidated from the date that control ceases to exist.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting (see (c) below).

The CFS have been prepared on the following basis

a) The financial statements of the Parent Company and its subsidiary companies have been consolidated on a line by line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standards in India. Accounting policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

b) The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate.

c) The CFS includes the share of profit / loss of the joint ventures which are accounted as per the 'equity method'.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in OCI of the investee in OCI. Dividends received or receivable, if any from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Company's does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

d) The CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Company's separate financial statements.

e) Non-controlling interests, if any in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment (PPE)

Recognition and measurement

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

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

a) Its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.

b) Any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by Management.

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

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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

Leasehold rent payable to MIDC relating to new project of the parent company, during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Current Assets and the same will be amortised in the year of commencement of project.

Subsequent expenditure

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

Depreciation

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

In case of plant & machinery, based on internal assessment, the management believes that the useful lives as given below best represent the period over which the management expects to use these assets. Hence the useful lives for these assets may be different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

Tangible Assets	Useful lives as per Schedule II
Buildings	30 Years
Computers	
Computers – Server & Network	6 Years
Computers – Others	3 Years
Plant & Machinery	5 - 15 Years
Furniture and Fixtures	10 Years
Electrical Installation	10 Years
Motor Cars & Vehicles	8 Years
Office Equipments	5 Years

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

3.2 Intangible Assets

Recognition and measurement

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

Subsequent expenditure

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

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values and it is included in depreciation and amortisation in the Statement of profit and loss.

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

Intangible Assets	Useful life
Computer Software (WDV Method)	3 Years
Patent / Trademark (SLM Method)	10 Years

3.3 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of

an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale less any investment income on the temporary investment of those borrowings.

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

3.4 Impairment of Non-Financial assets

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

3.5 Income Tax

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

Current Tax

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

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

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

Deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

Minimum Alternate Tax (MAT) credit is recognised as a Deferred Tax Asset only when and to the extent there is convincing evidence that the Group will pay normal

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

3.6 Inventories

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

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

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

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

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

3.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of less than 3 months and more than 3 months but less than 12 months which are subject to an insignificant risk of changes in value.

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

3.8 Trade Payables

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

3.9 Financial instruments

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

Financial assets

Initial recognition and measurement

All Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A Financial asset is measured at amortised cost using the effective interest rate method, if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A Financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Investment in subsidiaries, Associates and Joint Ventures

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

Other Equity Investments

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

Impairment of Financial assets

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

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

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

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Cash flow hedge

The parent company designates derivative contracts or non derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

Fair Value Hedge

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

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

b) De-recognition of Financial instruments

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

c) Offsetting

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

3.10 Business Combinations

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

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

Financial Statements of the transferee in the same form in which they appeared in the Financial Statements of the transferor.

3.11 Revenue Recognition

Revenue from contracts with customer

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

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Sale of Products

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

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

Variable consideration

This includes incentives, volume rebates, discounts etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

Significant financing component

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

Cost to obtain a contract

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

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

Other Operating Revenues

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

Interest Income

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

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

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

Dividends

Revenue is recognised when the Group's right to receive

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

the payment is established, which is generally when shareholders approve the dividend.

Insurance and other claims

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

3.12 Foreign Currencies

Items included in the financial statements of each entities of the Group are measured using the currency of the primary economic environment in which the Parent Company operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupees, which is the functional and presentation currency of the Parent Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

3.13 Employee benefits

Short term employee benefits

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

Post-employment benefits

a) Defined benefit plans

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

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

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

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

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

b) Defined contribution plans

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

3.14 Leases

As a lessee

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

3.15 Provisions and contingent liabilities

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

Provisions are measured at the present value of the Management's best estimates of the expenditure required to settle the present obligation at the end of the

reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

3.16 Dividend

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

3.17 Earnings per share (EPS)

Basic earnings per share

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

Diluted earnings per share

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

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

  The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 4 PROPERTY, PLANT AND EQUIPMENT (PPE)

(₹ in lakhs)

Particulars	Factory / Research Centre Building	Office Premises	Residential Premises	Factory Flat	Plant and Equipments	Electrical Equipments	Laboratory Equipments	Office Equipments	Furniture & Fixtures	Com-puter & Peripherals (including Server & Network)	Vehicles	Total Property, Plant and Equipment
Gross Carrying Amount												
Balance as at April 01, 2019	**8,691.10**	**92.35**	**77.44**	**2.76**	**11,404.56**	**999.39**	**683.69**	**559.40**	**661.46**	**553.99**	**919.37**	**24,645.51**
Add: Additions during the year	6,292.09	13.31	-	-	9,208.69	1,054.44	177.16	169.20	102.39	183.18	60.29	17,260.75
Less: Disposals/ Adjustments	-	-	-	-	20.04	-	0.41	0.29	-	-	86.33	107.07
Balance as at March 31, 2020	**14,983.19**	**105.66**	**77.44**	**2.76**	**20,593.21**	**2,053.83**	**860.44**	**728.31**	**763.85**	**737.17**	**893.33**	**41,799.19**
Add: Additions during the year	837.90	-	-	-	1,203.26	148.90	50.36	91.98	49.99	104.38	93.44	2,580.21
Less: Disposals/ Adjustments	0.49	-	-	-	103.99	2.02	0.18	6.74	-	0.55	56.86	170.83
Balance as at March 31, 2021	**15,820.60**	**105.66**	**77.44**	**2.76**	**21,692.48**	**2,200.71**	**910.62**	**813.55**	**813.84**	**841.00**	**929.91**	**44,208.57**
Accumulated Depreciation												
Balance as at April 01, 2019	**4,249.99**	**62.82**	**14.37**	**1.25**	**9,218.74**	**779.16**	**561.90**	**425.80**	**527.24**	**475.40**	**546.77**	**16,863.44**
Add: Depreciation for the year	745.36	2.15	3.06	0.07	2,115.66	198.19	55.60	76.40	35.23	86.10	124.68	3,442.50
Less: Disposals/ Adjustments	-	-	-	-	18.70	-	0.25	0.07	-	-	79.42	98.44
Balance as at March 31, 2020	**4,995.35**	**64.97**	**17.43**	**1.32**	**11,315.70**	**977.35**	**617.25**	**502.13**	**562.47**	**561.50**	**592.03**	**20,207.50**
Add: Depreciation for the year	974.67	2.57	2.91	0.07	2,901.46	290.66	64.25	110.05	52.41	124.36	105.56	4,628.97
Less: Disposals/ Adjustments	0.17	-	-	-	97.23	1.70	0.08	6.40	-	0.51	52.96	159.05
Balance as at March 31, 2021	**5,969.85**	**67.54**	**20.34**	**1.39**	**14,119.93**	**1,266.31**	**681.42**	**605.78**	**614.88**	**685.35**	**644.63**	**24,677.42**
Net Carrying Amount												
Balance as at March 31, 2020	**9,987.84**	**40.69**	**60.01**	**1.44**	**9,277.51**	**1,076.48**	**243.19**	**226.18**	**201.38**	**175.67**	**301.30**	**21,591.69**
Balance as at March 31, 2021	**9,850.75**	**38.12**	**57.10**	**1.37**	**7,572.55**	**934.40**	**229.20**	**207.77**	**198.96**	**155.65**	**285.28**	**19,531.15**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 5 CAPITAL WORK IN PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the year	584.11	10,629.09
Add:- Additions during the year	4,614.09	7,225.69
Less:- Capitalisation during the year	2,567.78	17,270.67
Balance as at the end of the year	**2,630.42**	**584.11**

NOTE 6 INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Software	Patents & Trademarks	Total Intangible Assets
Gross Carrying Amount			
Balance as at April 01, 2019	**30.70**	**27.42**	**58.12**
Add: Additions during the year	74.26	-	74.26
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	**104.96**	**27.42**	**132.38**
Add: Additions during the year	13.98	2.40	16.38
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2021	**118.94**	**29.82**	**148.76**
Accumulated Depreciation			
Balance as at April 01, 2019	**16.57**	**7.04**	**23.61**
Add: Depreciation for the year	20.29	2.74	23.03
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2020	**36.86**	**9.78**	**46.64**
Add: Depreciation for the year	44.91	3.03	47.94
Less: Disposals/ Adjustments	-	-	-
Balance as at March 31, 2021	**81.77**	**12.81**	**94.58**
Net Carrying Amount			
Balance as at March 31, 2020	**68.10**	**17.64**	**85.74**
Balance as at March 31, 2021	**37.17**	**17.01**	**54.18**

NOTE 7 NON CURRENT FINANCIAL ASSETS : INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted Investment in Equity Instruments of Jointly Controlled Entity (At Cost)		
(i) Fine Zeelandia Private Limited	3,105.11	3,235.56
(Current Year: 4,02,84,250 shares of ₹ 10/- each fully paid up)		
(Previous Year: 4,02,84,250 shares of ₹ 10/- each fully paid up)		
(ii) FineADD Ingredients GmbH	-	39.60
(Current Year: 2,500 shares of € 100 each fully paid up)		
(Previous Year: 2,500 shares of € 100 each fully paid up)		
Unquoted Investment in Equity Instruments at FVTOCI		
(i) Saraswat Co-Operative Bank Limited	4.80	4.60
(Current Year: 2,500 shares of ₹ 10/- each fully paid up)		
(Previous Year: 2,500 shares of ₹ 10/- each fully paid up)		
Total	**3,109.91**	**3,279.76**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 8 NON CURRENT FINANCIAL ASSETS : LOANS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loan to employees	123.49	99.88
Total	**123.49**	**99.88**

NOTE 9 NON CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits Rent (Amortised Cost)	36.12	38.39
Fixed Deposits with Bank (Original Maturity More than 12 months)	219.60	262.79
Total	**255.72**	**301.18**

NOTE 10 DEFERRED TAX ASSET (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	814.85	525.36
Others	53.22	157.76
Gross Deferred Tax Asset (a)	**868.07**	**683.12**
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	-	3.66
Others	73.17	7.65
Gross Deferred Tax Liability (b)	**73.17**	**11.31**
Deferred Tax Assets (Net) (a-b)	**794.90**	**671.81**

NOTE 11 OTHER NON CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances (Unsecured, Considered good) *	2,690.15	2,730.23
Security Deposits	253.09	244.23
Income Tax Refund Receivables	15.83	17.42
Prepaid Rent on Leasehold Land & Premises	3,255.64	3,173.35
Total	**6,214.71**	**6,165.23**

*The Parent Company has given an advance of ₹ 24 Crores to MIDC for allotment of a plot at Pale, Ambernath, which is disclosed under Capital advances. This plot is proposed to be used for further expansion. MIDC has issued allotment letter, however, the Parent Company is unable to take the possession of the said plot, as so far MIDC has not created any the basic infrastructure facilities such as water, electricity, roads etc. Upon receipt of possession, the Company will do the feasibility study and then decide upon the appropriate usage option for the said plot. The Advance given for the plot is higher than the ready reckoner rate obtained by the Parent Company and accordingly no provision is required to be made.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 12 CURRENT ASSETS : INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Packing Materials	5,026.82	5,495.69
Semi-Finished Goods	556.04	147.49
Trading Goods	1,725.38	1,221.92
Finished Goods	3,698.90	5,189.28
Consumables	59.50	53.18
Stores & Spares	1,551.30	1,059.59
Total	**12,617.94**	**13,167.15**

NOTE 13 CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured, Considered good	-	-
Unsecured		
Considered good	16,037.66	12,970.65
From Related Parties {Refer to note no. 41(b)}	60.51	262.67
Which have significant increase in Credit Risk	136.34	157.00
Less: Allowance for Expected Credit Loss	136.34	157.00
Total	**16,098.17**	**13,233.32**

NOTE 14 CURRENT FINANCIAL ASSETS : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
In Current Account	7,265.55	15,668.54
In Exchange Earners' Foreign Currency Account	761.72	404.86
In Fixed Deposit Account (With original maturity of less than 3 Months)	17,849.76	4,470.90
Cash on hand	20.25	22.07
Total	**25,897.28**	**20,566.37**

NOTE 15 CURRENT FINANCIAL ASSETS : BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
In Fixed Deposits (with original maturity of more than 3 months and 12 months or less)	477.01	475.14
Total	**477.01**	**475.14**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 16 CURRENT FINANCIAL ASSETS : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Security Deposit	23.96	32.80
Total	**23.96**	**32.80**

NOTE 17 CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax (Net of Provision for Income Tax)	526.99	702.10
Total	**526.99**	**702.10**

NOTE 18 OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	314.50	252.69
Balance with Statutory / Government Authorities *	2,749.52	1,858.08
Gratuity Fund Balance with LIC of India	80.06	-
Other Advances (including advance to suppliers)	3,197.27	2,138.59
Total	**6,341.35**	**4,249.36**

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

NOTE 19 EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
4,00,00,000 Equity Shares of ₹ 5/- each (#)	2,000.00	2,000.00
(Previous Year: 4,00,00,000 Equity Shares of ₹ 5/- each)		
Total	**2,000.00**	**2,000.00**
ISSUED, SUBSCRIBED AND PAID-UP		
3,06,59,976 Equity Shares of ₹ 5/- each	1,533.00	1,533.00
(Previous Year: 3,06,59,976 Equity Shares of ₹ 5/- each)		
Total	**1,533.00**	**1,533.00**

(#) As per the Scheme of Amalgamation, the authorised share capital of the Transferor Companies Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") amounting to 100,000 shares of ₹ 10 each are transferred to and merged with the authorised share capital of the Amalgamated Company. Also refer to note no. 19.6 regarding sub-division of shares.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 19.1 - Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2021	As at March 31, 2020
Number of shares at the beginning of the year	3,06,59,976	3,06,59,976
Add/ Less :- Movement of shares during the year	-	-
Number of shares at the end of the year	**3,06,59,976**	**3,06,59,976**

Note 19.2 - Terms/ rights attached to equity shares

The Parent Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 19.3 - Details of Shareholders holding more than 5 % shares of the Parent Company

Name of Shareholders	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% in Share Capital	Number of Shares	% in Share Capital
Mukesh Maganlal Shah	17,64,045	5.75%	17,64,045	5.75%
Prakash Damodar Kamat	44,52,835	14.52%	44,52,835	14.52%
Jayen Ramesh Shah	34,23,627	11.17%	34,23,627	11.17%
Jyotsna Ramesh Shah	43,25,886	14.11%	43,25,886	14.11%
Bimal Mukesh Shah	21,16,827	6.90%	21,16,827	6.90%
Tushar Ramesh Shah	36,99,182	12.07%	36,99,182	12.07%
SBI Mutual Fund Under Various Schemes	-	-	17,21,463	5.61%

Note 19.4 - Details of shares reserved for options and contracts / commitments for sale of shares / disinvestment

The Parent Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / disinvestment.

Note 19.5 - Details of calls unpaid

There is no calls unpaid.

Note 19.6 - Subdivision of shares

The Shareholders vide a special resolution has approved sub division of shares of the Parent Company in the ratio of 2 shares of face value of ₹ 5/- each for every existing 1 share of the face value of ₹ 10/- each.

The requisite approvals for modification of the Memorandum and Articles of Association of the Parent Company had been accorded by the shareholders on 6th November, 2017.

Note 19.7 - Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

(i) The Parent Company has issued 2,80,000 Equity Shares of ₹ 10 Each in Financial year 2016-17 for consideration other than cash to the shareholders of Fine Research & Development Centre Private Limited ("FRDCPL") and Fine Speciality Surfactants Private Limited ("FSSPL") on account of Amalgamation.

(Previous year: 2,80,000 Equity shares of ₹ 10 each)

(ii) During the year ended March 31, 2018, the Parent Company has issued 1,02,19,992 Equity shares of ₹ 10 each (Pre Subdivision of shares) pursuant to the bonus issue of shares vide special resolution approved by the shareholders dated October 16, 2017.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Parent Company has allotted 2 (Two) Fully paid up equity shares of ₹ 10/- each for every 1 (One) Equity shares held by the shareholders (Including shares issued to the shareholders on account of amalgamation with FRDCPL & FSSPL).

Later on as per special resolution dated November 06, 2017, such shares are sub divided in to the ratio of 2 (Two) shares of face value of ₹ 5/- each for every existing 1 (One) share of the face value of ₹ 10/- each.

NOTE 20 OTHER EQUITY

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Amalgamation Reserve	**1,155.24**	**1,155.24**
(Includes ₹ 4.23 lakhs On Account of Amalgamation)		
(b) Retained Earnings ($)		
Balance as at the beginning of the year	60,428.45	48,016.17
Add: Profit for the year	12,034.13	16,480.01
Less:		
Dividend paid on Equity shares	919.76	3,372.60
Dividend Distribution Tax Paid	-	693.25
Non Controlling interest	1.83	1.88
Balance as at the end of the year	**71,540.99**	**60,428.45**
(c) Other Comprehensive Income		
Balance as at the beginning of the year	(703.75)	(352.17)
Add: Other Comprehensive Income for the year	232.90	(351.58)
Balance as at the end of the year	**(470.85)**	**(703.75)**
(d) Foreign Exchange Translation Reserve		
Balance as at the beginning of the year	(525.42)	(330.01)
Add: Addition / (Deletion)	(95.89)	(195.41)
Balance as at the end of the year	**(621.31)**	**(525.42)**
(e) Legal Reserve		
Balance as at the beginning of the year	1.55	1.45
Add: Addition / (Deletion)	0.05	0.10
Balance as at the end of the year	**1.60**	**1.55**
Total (a + b + c + d + e)	**71,605.67**	**60,356.07**

($) Retained Earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

NOTE 21 NON CONTROLLING INTEREST

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Controlling interest in Subsidiary	5.08	3.20
Add:- Share of current year's profit	1.83	1.88
Total	**6.91**	**5.08**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 22 NON CURRENT FINANCIAL LIABILITIES : BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Loans		
Foreign Currency Borrowings - External Commercial Borrowings		
From Bank {Refer to note no. 22.1}	8,917.28	12,471.93
Less : Current Maturity {Refer to note no. 25}	(3,242.85)	(3,325.85)
Total	**5,674.43**	**9,146.08**

Note 22.1 - Disclosure to Non Current Financial Liabilities : Borrowings

(i) The foreign currency borrowings is secured against exclusive charge on specific Land & Building and Plant & Machinery of the borrower at plot no. N-42/1, MIDC, Anand Nagar, Additional Ambernath Industrial Area, Ambernath - 421501, Maharashtra.

(ii) Remaining tenure of the borrowing is 33 Months

NOTE 23 NON CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Derivatives Designated as Hedge		
Interest Rate Swaps	435.30	755.86
Total	**435.30**	**755.86**

NOTE 24 CURRENT FINANCIAL LIABILITIES : TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding due to Micro and Small Enterprises {Refer to note no. 24.1}	318.49	187.12
Others	10,400.06	8,387.96
Total	**10,718.55**	**8,575.08**

Note 24.1 - Disclosure to Current Financial Liabilities : Trade Payables

Dues to micro and small enterprises

Micro & Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Parent Company on the basis of the information available with the Parent Company and the auditors have relied on the same. Sundry creditors include total outstanding dues of micro and small enterprises amounting to ₹ 318.49 lakhs (Previous Year: ₹ 187.12 lakhs). The disclosure pursuant to MSMED Act based on the books of account is as under:

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid	318.49	187.12
(ii) Interest due and remaining unpaid	3.27	3.39
(iii) Interest paid in terms of Section 16 of MSMED Act	-	-
(iv) Amount of payments made to supplier beyond the appointed day	-	-
(v) Amount of interest due and payable for the period of delay on payment made beyond the appointed day during the year without adding interest specified under MSMED Act·2006	-	-
(vi) Amount of Interest accrued and remaining unpaid	3.27	3.39
(vii) Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the MSMED Act,2006	-	-

NOTE 25 CURRENT FINANCIAL LIABILITIES : OTHERS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of Long-term Borrowings	3,242.85	3,325.85
Trade / Security Deposits from Customers	250.89	162.65
Dividend Payable	0.72	0.48
Total	**3,494.46**	**3,488.98**

NOTE 26 OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues Liabilities	66.52	131.96
Contractual Liabilities {refer to note no. 29.1}	300.34	284.07
Other Liabilities	0.42	0.11
Gratuity Liability	-	144.74
Total	**367.28**	**560.88**

NOTE 27 CURRENT LIABILITIES : PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for CSR Expenses {refer to note no. 36.1}	404.47	327.50
Total	**404.47**	**327.50**

NOTE 28 CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax (Net of Income Tax paid)	457.11	457.11
Total	**457.11**	**457.11**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 29 REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Revenue from Contracts with customers		
Sales - Specialty Chemicals	1,10,768.19	1,02,723.14
Sales - Others	2,549.89	1,083.61
Total [A]	**1,13,318.08**	**1,03,806.75**
(B) Other Operating Revenue		
Income from sale of Scrap	3.76	1.22
Total [B]	**3.76**	**1.22**
Total [A] + [B]	**1,13,321.84**	**1,03,807.97**

Note 29.1 - Other disclosure relating to Revenue from Contracts with Customers (Ind AS 115)

The Group is primarily in the Business of manufacture and sale of Speciality chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/ delivery. The Group evaluates the credit limits for the trade receivables. The Group does not give significant credit period resulting in no significant financing component.

Further, disaggregation of revenue based on geography has been mentioned under segment information.

{refer to note no. 42.3}

Reconciliation of Revenue recognised from contracts with customers with Contract liabilities

(₹ in lakhs)

Particulars	FY 2020-21	FY 2019-20
Opening Contract Liability	284.07	152.71
Add: Addition to contract liability during the year	8,022.80	6,060.93
Less: Recognised as revenue during the year	8,006.53	5,929.57
Closing Contract liability	**300.34**	**284.07**

Reconciliation of revenue as per contract price and as recognised in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contract with customer as per Contract price	1,13,554.78	1,04,196.88
Less: Discounts and Rebates	22.88	29.04
Less: Sales Returns	213.82	361.09
Revenue from contract with customer as per statement of profit and loss	**1,13,318.08**	**1,03,806.75**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 30 OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Interest Income	682.74	860.59
Less: FD Interest on untilised borrowings transferred to CWIP	-	63.63
Net Interest Income {Refer to note no. 30.1}	**682.74**	**796.96**
Dividend Income	-	0.04
Net gain on foreign exchange fluctuations	957.61	1,195.53
Reversal of Expected Credit Loss Provisions	20.66	-
Other Non Operating Income		
Profit on Sale of Property, Plant and Equipment (Net of Loss)	1.56	13.58
Insurance claim received	13.68	2.77
Miscellaneous Income	33.52	9.71
Total	**1,709.77**	**2,018.59**

Note 30.1 - Particulars of Interest Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income from Financial Assets on Amortised Cost Basis [at EIR]	662.98	763.11
Interest Income from Non Financial Assets	19.76	33.85
Total	**682.74**	**796.96**

NOTE 31 COST OF MATERIAL CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Materials and Packing Materials Consumed		
Opening Stock at the beginning of the year	5,495.69	4,537.50
Add : Purchases and incidental expenses	71,067.14	64,559.16
	76,562.83	**69,096.66**
Less : Closing stock at the end of the year	5,026.82	5,495.69
Total	**71,536.01**	**63,600.97**

Note 31.1 - Purchase of Stock-in-trade

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Traded goods	487.29	490.16
Total	**487.29**	**490.16**

Note 31.2 - Particulars of Material Consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Materials	68,917.96	61,164.75
Packing Materials	2,618.05	2,436.22
Total	**71,536.01**	**63,600.97**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 32 CHANGES IN INVENTORIES FINISHED GOODS, WORK IN PROGRESS AND TRADING GOODS

(₹ in lakhs)

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
A]	**Opening stock of inventories**		
	Finished Goods	5,189.28	2,090.75
	Semi-Finished Goods	147.49	281.60
	Trading Goods	1,221.92	1,026.09
	Total [A]	**6,558.69**	**3,398.44**
B]	**Closing Stock of inventories**		
	Finished Goods	3,698.90	5,189.28
	Semi-Finished Goods	556.04	147.49
	Trading Goods	1,725.38	1,221.92
	Total [B]	**5,980.32**	**6,558.69**
	Net Total [A] - [B]	**578.37**	**(3,160.25)**

NOTE 33 EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and other benefits to Directors	1,465.00	1,320.00
Salaries, wages & other benefits to others	6,016.10	5,488.76
Contribution to Provident Fund and Other Funds	220.05	204.32
Employee Welfare and other amenities	255.58	232.38
Total	**7,956.73**	**7,245.46**

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures as defined are given below:

A] Defined Contribution Plans

The Parent Company makes contributions towards provident fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Parent Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefit.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's Contribution to Pension Scheme	80.36	75.03
Employer's Contribution to Provident fund	32.77	34.26
Total	**113.13**	**109.29**

B] Defined Benefits Plans

The Parent Company has used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'Projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of Defined Benefit Obligation at beginning of the Year	1,017.78	816.04
Add : Service Cost		
(a) Current Service Cost	74.45	68.36
(b) Past Service Cost	-	-
(c) Loss/(Gain) from Settlement	-	-
Add: Current Interest Cost	65.14	59.57
Add: Benefit Paid	(23.50)	(29.81)
Add: Remeasurements of Actuarial (Gain) / Loss		
(a) From changes in Demographic assumptions	-	-
(b) From changes in Financial assumptions	8.31	64.92
(c) From experience over the past year	3.17	38.70
Effect of Acquisition/ (Divestiture)		
Transfer In/(Out)	-	-
Changes in Foreign Exchange Rates	-	-
Present value of Defined Benefit Obligation at the end of the Year	**1,145.35**	**1,017.78**

(ii) Reconciliation of opening & closing balances of fair value of plan assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair Value of Plan Asset at beginning of the Year	873.04	844.11
Add: Contributions Paid by Employer	311.77	-
Add: Benefits Paid / (Received)	(23.50)	(29.81)
Add: Interest Income on Plan assets	62.15	59.83
Re-measurements		
(a) Actuarial (Loss)/Gain from changes in financial assumptions	-	-
(b) Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	1.95	(1.09)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Effect of Acquisition/ (Divestiture)	-	-
Transfer In/(Out)	-	-
Changes in foreign exchange rates	-	-
Fair Value of Plan Asset at the end of the Year	**1,225.41**	**873.04**
Actual Return on Plan Assets	64.10	58.74
Expected Employer Contributions for the coming year	-	150.00

(iii) Expenses recognised in Statement Profit and Loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service Cost		
(a) Current Service Cost	74.45	68.36
(b) Past Service Cost	-	-
(c) Loss/(Gain) from Settlement	-	-
Net Interest on net defined benefit liability/ (asset)	2.99	(0.26)
Employer Expenses	**77.44**	**68.10**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(iv) Net Liability/(Assets) recognised in the Balance Sheet

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of Defined Benefit Obligation at end of the Year	1,145.35	1,017.78
Less: Fair Value of Plan Asset at the end of the Year	1,225.41	873.04
(Asset) / Liability recognised in the Balance Sheet	**(80.06)**	**144.74**
Funded Status [Surplus/(Deficit)]	**80.06**	**(144.74)**
Of which, Short term Liability		
Experience Adjustment on Plan Liabilities: (Gain)/Loss	3.17	38.70
Experience Adjustment on Plan Assets: Gain/(Loss)	-	-

(v) Assumptions used to determine the defined benefit obligation

Particulars	As at March 31, 2021	As at March 31, 2020
Salary Growth Rate	5.00 % P.A.	5.00 % P.A.
Discount Rate(p.a.)	6.30% P.A.	6.40% P.A.
Interest Rate on net DBO	6.40% P.A.	7.30% P.A.
Withdrawal Rate	5.00 % P.A.	5.00 % P.A.
Mortality Table Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Expected weighted average remaining working life	7 years	8 years

(vi) Movement in Other Comprehensive Income

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at start of year (Loss)/ Gain	(227.41)	(122.70)
Re-measurements on DBO		
(a) Actuarial (Loss)/Gain from changes in demographic assumptions	-	-
(b) Actuarial (Loss)/Gain from changes in financial assumptions	(8.31)	(64.92)
(c) Actuarial (Loss)/Gain from experience over the past period	(3.17)	(38.70)
Re-measurements on Plan Assets		
(a) Actuarial (Loss)/Gain from changes in financial assumptions	-	-
(b) Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	1.95	(1.09)
(c) Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at end of year (Loss)/ Gain	**(236.94)**	**(227.41)**

(vii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of Sensitivity Analysis is given below:

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Salary Growth Rate	increases by ₹ 88.07 lakhs	decreases by ₹ 81.09 lakhs	increases by ₹ 83.24 lakhs	decreases by ₹ 74.38 lakhs
Discount Rate	decreases by ₹ 79.42 lakhs	increases by ₹ 87.80 lakhs	decreases by ₹ 72.81 lakhs	increases by ₹ 82.91 lakhs
Withdrawal Rate	increases by ₹ 6.16 lakhs	decreases by ₹ 7.10 lakhs	increases by ₹ 6.23 lakhs	decreases by ₹ 7.01 lakhs
Mortality (increase in expected lifetime by 1 year)	decreases by ₹ 0.17 lakhs	-	decreases by ₹ 0.18 lakhs	-
Mortality (increase in expected lifetime by 3 years)	decreases by ₹ 0.52 lakhs	-	decreases by ₹ 0.53 lakhs	-

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(viii) Movement in Surplus/ (Deficit)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Surplus/ (Deficit) at start of year	(144.74)	28.07
Add : Net Acquisition Adjustment	-	-
Transfer In / (Out) on net basis	-	-
Movement during the year		
Less : Current Service Cost	(74.45)	(68.36)
Less : Past Service Cost	-	-
Add : Net Interest on net DBO	(2.99)	0.26
Acturial Gain/ (Loss)	(9.53)	(104.71)
Add : Employer Contributions/ Benefits paid	311.77	-
Surplus/ (Deficit) at end of year	**80.06**	**(144.74)**

(ix) Risk Factors

Through its gratuity plans the Parent Company is exposed to a number of risks, the most significant of which are detailed below:-

Interest Risk

A decrease in the Bond interest rate will increase the plan liability; however, in case of gratuity plan this will be partially offset by an increase in the return on the plan's assets.

Longevity Risk

The present value of Gratuity plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the Gratuity plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Investment Risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is Independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status If there are significant changes in the discount rate during the inter-valuation period.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 34 FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Interest Expenses	522.43	633.05
Less: Interest Expenses Transferred to CWIP (Including Interest rate Swaps Hedge Loss)	-	252.37
Net Interest Expenses	**522.43**	**380.68**
Bank Charges and Commission	90.55	101.43
Total	**612.98**	**482.11**

NOTE 35 DEPRECIATION & AMORTISATION EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant and Equipment	4,628.97	3,442.50
Amortisation on Intangible Assets	47.94	23.03
Total	**4,676.91**	**3,465.53**

NOTE 36 OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement & Publicity Expenses	6.73	7.16
Auditors Remuneration:		
(i) Statutory Audit	35.16	28.00
(ii) Taxation Matters	8.50	8.50
(iii) Limited Review Fees	9.00	9.75
(iv) Others	1.00	1.25
Remuneration to Cost Auditor	3.00	3.00
Consumption of Stores and Spares	36.74	42.71
Corporate Social Responsibility Expenses {refer to note no. 36.1}	398.35	335.56
Director Sitting Fees	25.20	11.35
Electricity Charges	51.05	60.53
Expected Credit Loss Provisions	-	39.44
Freight and Forwarding charges	2,976.37	2,066.12
Insurance Charges	249.84	151.45
Laboratory Expenses	87.71	92.14
Legal and Professional Fees	397.99	543.39
Other Administrative Expenses	306.83	218.38
Postage, Telephone and Telegram	94.63	82.59
Power, Fuel and Water Charges	5,225.44	4,927.16
Printing and Stationery Expenses	33.01	44.53
Product Registration Fees	0.50	-
Provision for Doubtful Receivables	-	15.81
Provision for Dimunition in value of Joint Venture	39.60	40.08
Rent, Rates and Taxes	541.61	329.13

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Repairs and Maintenance to:		
(i) Factory Building	93.17	186.86
(ii) Machinery	659.73	676.68
(iii) Others	215.98	213.32
Sales Promotion Expenses	14.42	87.83
Sales Commission	736.06	633.73
Security Charges	278.66	217.17
Seminar & Trade Fair Expenses	19.49	180.32
Subscription ,Membership, Books & Periodicals	77.80	34.71
Travelling and Conveyance Expenses	123.15	218.82
Vehicle Expenses	91.24	76.89
Total	**12,837.96**	**11,584.36**

Note 36.1 - Corporate Social Responsibility Expenses

As per section 135 of the Companies Act, 2013, amount required to be spent by the Parent Company during the year ended March 31, 2021 and 2020 is ₹ 398.35 lakhs and ₹ 335.56 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Parent Company has spent an amount of ₹ 321.38 lakhs and ₹ 454.66 lakhs during the year ended March 31, 2021 and 2020 respectively towards various CSR Projects for the purpose other than construction/acquisition of any asset. The Parent Company transferred ₹ 404.47 lakhs i.e unspent amount from the ongoing CSR projects of the Parent Company to separate Bank Account specially opened by the Parent Company.

NOTE 37 RECONCILIATION OF REPORTED PROFIT TO TOTAL TAX EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before Tax	16,214.91	21,612.19
Applicable Income Tax rate	25.17%	25.17%
Expected income tax expense	4,080.97	5,439.36
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of Expenses / Provisions not deductible in determining taxable profit	199.38	142.42
Other Permanent Differences	100.26	84.45
Reported Income Tax Expense	**4,380.61**	**5,666.23**

NOTE 38 DEFERRED TAX EXPENSES / (INCOME)

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipments & Intangible Assets	-	-
Others	91.73	225.02
Sub Total (a)	**91.73**	**225.02**
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipments & Intangible Assets	293.15	759.07
Others	-	-
Sub Total (b)	**293.15**	**759.07**
Deferred tax expenses / (income) (a - b)	**(201.42)**	**(534.05)**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 39 EARNINGS PER EQUITY SHARE

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Computation of Profit (numerator)		
	Net profit attributable to shareholders (₹ in lakhs)	12,034.13	16,480.01
(b)	Weighted average number of shares (denominator)	3,06,59,976	3,06,59,976
	Weighted Average number of Equity Shares used as denominator for calculating Basic & Diluted EPS	**3,06,59,976**	**3,06,59,976**
	EPS (Basic & Diluted) (in ₹)	**39.25**	**53.75**

NOTE 40 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contingent Liabilities		
Income tax liability that may arise in respect of matters in appeal	532.17	150.30
Indirect taxes liability that may arise in respect of matters in appeal	27.16	5.72
Commitments		
Estimated contracts remaining to be executed on capital account not provided	2,207.81	1,046.76
Bank Guarantee	833.20	865.61

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities.

The Consolidated Financial Statements of the Group for the year ended March 31, 2021 has been approved by the Board of Directors in its meeting held on May 27, 2021. For the year ended March 31, 2021, dividend of ₹ 11/- per share (Total dividend of ₹ 3,372.60 lakhs) has been proposed by the Board of Directors at its meeting held on May 27, 2021. The same is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and therefore proposed dividend has not been recognised as liability as at the Balance Sheet Date in line with Ind AS - 10 “Events after the Reporting Period.”

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 41 RELATED PARTY TRANSACTIONS DISCLOSURE:

The Disclosure pertaining to the related parties as required by Indian Accounting Standard 24 issued by Ministry of Corporate Affairs (MCA), as applicable, are indicated below:

(a) List of Related Parties and relationships

Sr. No	Name of the Related Party	Nature of Relationship
	Key Management Personnel (KMP)	
1	Mukesh Maganlal Shah	Managing Director
2	Prakash Damodar Kamat	Chairman
3	Jayen Ramesh Shah	Executive Director & CEO
4	Tushar Ramesh Shah	Executive Director & CFO
5	Bimal Mukesh Shah	Executive Director
6	Parthasarathi Thiruvengadam	Independent Director
7	Mahesh Pansukhlal Sarda	Independent Director
8	Kaushik Dwarkadas Shah	Independent Director
9	Prakash Krishnaji Apte	Independent Director
10	Pratima Madhukar Umarji	Independent Director
11	Jyotsna Ramesh Shah	Relative of KMP
12	Jayshree Mukesh Shah	
13	Neeta Jayen Shah	
14	Bina Tushar Shah	
15	Esha Tushar Shah	
16	Rhea Tushar Shah	
17	Ramesh M. Shah - HUF	
18	Prakash D. Kamat - HUF	
19	Mukesh M. Shah - HUF	
20	Jayen R. Shah - HUF	
21	Tushar R. Shah - HUF	
22	Manali Jayen Shah	
23	Shaili Nirav Doshi	
24	Smoothex Chemicals Private Limited	Significant influence by KMP
25	Fine Organics	
26	Olefine Organics	
27	Oleofine Organics SDN. BHD.	
28	Oleofine Organics (Thailand) Co. Limited (upto 14th October, 2020)	
29	Fine Organic Industries	
30	Fine Zeelandia Private Limited	Jointly Controlled Entities
31	FineAdd Ingredients GmbH	

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(b) Transactions (in aggregate) with Related Parties during the period and their closing balances at the period end

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2020 to March 2021	April 2019 to March 2020	As at March 31, 2021	As at 31st March, 2020
1	**Director's Remuneration**				
	Prakash Damodar Kamat	288.00	264.00	-	12.21
	Mukesh Maganlal Shah	288.00	264.00	-	12.21
	Jayen Ramesh Shah	288.00	264.00	-	12.21
	Tushar Ramesh Shah	288.00	264.00	-	12.21
	Bimal Mukesh Shah	288.00	264.00	-	12.21
	Parthasarathi Thiruvengadam	5.00	-	5.00	-
	Mahesh Pansukhlal Sarda	5.00	-	5.00	-
	Kaushik Dwarkadas Shah	5.00	-	5.00	-
	Prakash Krishnaji Apte	5.00	-	5.00	-
	Pratima Madhukar Umarji	5.00	-	5.00	-
2	**Director's Sitting Fees**				
	Parthasarathi Thiruvengadam	5.25	1.80	-	-
	Mahesh Pansukhlal Sarda	4.80	2.40	-	-
	Kaushik Dwarkadas Shah	5.25	2.30	-	-
	Prakash Krishnaji Apte	5.70	2.95	-	-
	Pratima Madhukar Umarji	4.20	1.90	-	-
3	**Sale of Goods**				
	Oleofine Organics SDN BHD	607.79	450.10	51.06	93.57
	Oleofine Organics (Thailand) Co.Ltd.	86.52	482.71	-	72.26
	Fine Zeelandia Private Limited	1,296.52	1,263.23	-	96.85
4	**Sale of Licence**				
	Fine Zeelandia Private Limited	116.53	140.18	-	-
5	**Sale of Components / Assets**				
	Oleofine Organics SDN BHD	9.92	0.61	9.44	-
6	**Purchase of Goods**				
	Fine Zeelandia Private Limited	-	5.36	-	-
	Oleofine Organics SDN BHD	7.67	-	-	-
7	**Dividend paid/Proposed**				
	Prakash Damodar Kamat	133.59	489.81	-	-
	Jyotsna Ramesh Shah	129.78	475.85	-	-
	Tushar Ramesh Shah	110.98	406.91	-	-
	Jayen Ramesh Shah	102.71	376.60	-	-
	Bimal Mukesh Shah	63.50	232.85	-	-
	Mukesh Maganlal Shah	52.92	194.04	-	-
	Neeta Jayen Shah	19.80	72.59	-	-
	Bina Tushar Shah	17.23	63.18	-	-
	Jayshree Mukesh Shah	17.06	62.54	-	-
	Ramesh M. Shah HUF	9.27	33.99	-	-
	Jayen R. Shah HUF	9.21	33.77	-	-
	Mukesh M. Shah HUF	4.22	15.46	-	-
	Prakash D. Kamat HUF	4.12	15.09	-	-
	Shaili Nirav Doshi	3.69	13.52	-	-
	Rhea Tushar Shah	3.20	11.73	-	-
	Esha Tushar Shah	3.20	11.73	-	-
	Manali Jayen Shah	2.30	8.43	-	-
	Tushar R. Shah HUF	3.10	11.35	-	-

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in lakhs)

Sr. No.	Particulars	Transactions during the period		Closing Balance	
		April 2020 to March 2021	April 2019 to March 2020	As at March 31, 2021	As at 31st March, 2020
8	**Salary to Relatives**				
	Manali Jayen Shah	29.50	31.50	-	1.67
9	**Export Commission**				
	Oleofine Organics SDN BHD	7.20	2.52	1.11	-
10	**Security Deposit - Rent**				
	Fine Organic Industries	-	-	14.46	17.49
	Olefine Organics	-	-	2.14	2.68
11	**Rent Expenses**				
	Fine Organics	3.38	-	-	-
	Fine Organic Industries	122.10	86.55	-	6.48
	Olefine Organics	53.46	21.53	-	1.62
	Smoothex Chemicals Pvt Ltd	3.38	-	-	-
	Prakash Damodar Kamat	8.40	8.40	-	0.63
	Jyotsna Ramesh Shah	29.63	8.40	-	0.63
	Jayshree Mukesh Shah	8.40	8.40	-	0.63
	Bina Tushar Shah	8.40	8.40	-	0.63
12	**Prepaid Rent**				
	Fine Organic Industries	-	-	3.54	0.51
	Olefine Organics	-	-	-	0.32
13	**Reimbursement of Expenses**				
	Prakash Damodar Kamat #	-	1.40	-	-
	Mukesh Maganlal Shah #	(1.47)	1.40	-	-
	Jayen Ramesh Shah #	0.01	3.44	-	-
	Tushar Ramesh Shah #	-	1.42	-	-
	Jyotsna Ramesh Shah #	-	1.40	-	-
	Bimal Mukesh Shah	0.10	0.93	-	-
	Prakash Krishnaji Apte	-	0.32	-	-
	Manali Jayen Shah	-	0.18	-	-
	Fine Zeelandia Private Limited	0.27	2.26	-	-
14	**Investments in equity instruments ($)**				
	Fine Zeelandia Private Limited	-	2,710.00	3,105.11	3,235.56
	FineADD Ingredients GmbH	-	119.13	-	39.60
15	**Interest Income on Advances / Security deposit (*)**				
	Fine Organic Industries	1.44	1.59	1.44	1.59
	Olefine Organics	0.32	0.29	0.32	0.29

Includes reimbursement of IPO Expenses / Other Expenses

$Closing balance of Investment includes share of Profit / Loss from Joint Venture as per Equity Method of Consolidation

*Includes Ind AS adjustments

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 42 OPERATING SEGMENT DISCLOSURE

The Group has identified its reportable segment as "Specialty chemicals" since the Chief Operating Decision Maker (CODM) evaluates the Group's performance as a single segment in terms of Indian Accounting Standard 108 issued by Ministry of Corporate Affairs (MCA).

Note 42.1 - Disclosure for assets outside India

The Group does not have any non current non financial assets outside India

Note 42.2- Disclosure for major customers more than 10%

There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Note 42.3- Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the specialty chemicals portfolio of the Group are managed on a worldwide basis from India.

The Group has disaggregated its revenue from contract with customers and trade receivables on a geographical basis as under:

(₹ in lakhs)

Particulars	Revenue from contracts with customers	
	For the year ended March 31, 2021	For the year ended March 31, 2020
- In India	51,019.24	46,829.27
- Outside India	62,298.84	56,977.48
Total Revenue	**1,13,318.08**	**1,03,806.75**

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables		
- In India	5,125.88	4,430.22
- Outside India	11,108.63	8,960.10
Less : Expected Credit Loss on Trade Receivables	(136.34)	(157.00)
Total	**16,098.17**	**13,233.32**

NOTE 43 INTERNAL FINANCIAL CONTROL SYSTEM

The Company has proper internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded, and reported correctly. This internal control is supplemented by an extensive programme of internal audit, reviewed by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and also for maintaining accountability of assets. The management is committed to a regular review of this aspect.

The Company's process framework provides well-documented operating procedures and authorities with adequate built-in controls. The internal control is further enhanced by an extensive programme of internal, external audits and periodic review by the management. The system ensures that financial and other records are reliable to prepare financial information and other data and also for maintaining assets accountability.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 44 IMPACT OF COVID-19

The management has evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no significant impact on the financial results of the Company, as at and for the year ended March 31, 2021.

The management will continue to monitor any material changes to its COVID-19 impact assessment, resulting from the future economic conditions and future uncertainty, if any. Further, the management of the Company confirm that there is no material impact on the Consolidated Financial Statements.

NOTE 45 DISCLOSURE PURSUANT TO SECTION 186 (4) OF THE COMPANIES ACT, 2013

(a) Investment made (at amortised cost)

(₹ in lakhs)

Name of entity	As at March 31, 2021	As at March 31, 2020
Fine Zeelandia Private Limited	4,028.43	4,028.43
FineADD Ingredients GmbH	120.73	160.33

NOTE 46 OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

The Group's significant leasing arrangements are in respect of operating leases for building premises (offices, plant, godowns). These leasing arrangements are non-cancellable in nature, and are usually renewable by mutual consent on mutually agreeable terms.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease payment recognised in the statement of profit and loss	60.12	46.65
Minimum lease payments under non cancellable operating leases payable		
Not later than 1 year	39.03	37.55
Later than 1 year but not less than 5 years	156.12	150.20
Later than 5 years	3,096.36	3,022.50
Total future minimum lease payment	3,291.51	3,210.25

NOTE 47 PURSUANT TO IND AS 31, FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURE, THE DISCLOSURE RELATING TO THE JOINT VENTURE ARE AS FOLLOWS :

Interest in other Entities

The Group Company has invested in following Joint ventures and are consolidated as per equity method of accounting. These entities are in nature of closely held entity and are not listed on equity public exchange. The following table illustrates the summarised financial information of the group's investment in joint venture.

Nam of the Joint Venture	Percentage of Ownership	
	As at March 31, 2021	As at March 31, 2020
Fine Zeelandia Private Limited (Incorporated in India)	50%	50%
FineADD Ingredients GmbH (Incorporated in Germany)	50%	50%

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 47.1 - Summarised Financial Position of the Group's Investment in Joint Venture - Fine Zeelandia Private Limited

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non current assets (A)	2,529.17	2,768.04
Current assets (B)	738.27	691.17
Total assets (A+B)	**3,267.44**	**3,459.21**
Non current liabilities (A)		-
Current liabilities (B)	136.12	200.51
Total liabilities (A+B)	**136.12**	**200.51**
Total equity (net assets)	**3,131.32**	**3,258.70**

Note 47.2 - Summarised Financial Position of the Group's Investment in Joint Venture - FineADD Ingredients GmbH

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non current assets (A)	31.99	16.51
Current assets (B)	248.79	74.96
Total assets (A+B)	**280.78**	**91.47**
Non current liabilities (A)	-	-
Current liabilities (B)	254.49	8.07
Total liabilities (A+B)	**254.49**	**8.07**
Total equity (net assets)	**26.29**	**83.40**

NOTE 48 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments

(₹ in lakhs)

	Particulars	Note No	Carrying Value		Fair Value	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	FINANCIAL ASSETS					
A]	**Financial assets at fair value through profit & loss**					
B]	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	Note 7	4.80	4.60	4.80	4.60
C]	**Financial assets at amortised cost**					
	Non Current Financial Assets : Investments	Note 7	3,105.11	3,275.16	3,105.11	3,275.16
	Non Current Financial Assets : Loans	Note 8	123.49	99.88	123.49	99.88
	Non Current Financial Assets : Others	Note 9	255.72	301.18	255.72	301.18
	Current Financial Assets : Trade Receivables	Note 13	16,098.17	13,233.32	16,098.17	13,233.32
	Current Financial Assets : Cash and Cash Equivalents	Note 14	25,897.28	20,566.37	25,897.28	20,566.37
	Current Financial Assets : Bank Balances	Note 15	477.01	475.14	477.01	475.14
	Current Financial Assets : Others	Note 16	23.96	32.80	23.96	32.80
	FINANCIAL LIABILITIES					
A]	**Financial liabilities at fair value through profit & loss**					
B]	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings (Including Current Maturity on Long Term Borrowing)	Note 22	8,917.28	12,471.93	8,917.28	12,471.93
	Non Current Financial Liabilities : Others	Note 23	435.30	755.86	435.30	755.86
	Current Financial Liabilities : Trade Payable	Note 24	10,718.55	8,575.08	10,718.55	8,575.08
	Current Financial Liabilities : Others	Note 25	251.61	163.13	251.61	163.13

In all cases, the management has assessed that the fair value of all financial assets and liabilities at Amortised Cost approximate their carrying amounts as stated above.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 49 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Note 49.1 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:

(₹ in lakhs)

Particulars		Fair value measurement Using				
		Date of Valuation	Total	Level 1*	Level 2*	Level 3*
	FINANCIAL ASSETS					
A)	**Financial assets at fair value through profit & loss**	-	-	-	-	-
B)	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	March 31, 2020 {Refer Note No. 49.3}	4.80	-	4.80	-
C)	**Financial assets at amortised cost**					
	Non Current Financial Assets : Investments	March 31, 2021	3,105.11	-	-	3,105.11
	Non Current Financial Assets : Loans	March 31, 2021	123.49	-	-	123.49
	Current Financial Assets : Others	March 31, 2021	255.72	-	-	255.72
	Current Financial Assets : Trade receivables	March 31, 2021	16,098.17	-	-	16,098.17
	Current Financial Assets : Cash and Cash Equivalents	March 31, 2021	25,897.28	-	-	25,897.28
	Current Financial Assets : Bank balances	March 31, 2021	477.01	-	-	477.01
	Current Financial Assets : Others	March 31, 2021	23.96	-	-	23.96
	FINANCIAL LIABILITIES					
A)	**Financial liabilities at fair value through profit & loss**	-	-	-	-	-
B)	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings (Including Current Maturity on Long Term Borrowing)	March 31, 2021	8,917.28	-	-	8,917.28
	Non Current Financial Liabilities : Others	March 31, 2021	435.30			435.30
	Current Financial Liabilities : Trade Payables	March 31, 2021	10,718.55	-	-	10,718.55
	Current Financial Liabilities : Others	March 31, 2021	251.61	-	-	251.61

*Refer Note no .2.5 for Fair value measurement method

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 49.2 - Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:

(₹ in lakhs)

Particulars		Fair value measurement using				
		Date of Valuation	Total	Level 1*	Level 2*	Level 3*
	FINANCIAL ASSETS					
A)	**Financial assets at fair value through profit & loss**	-	-	-	-	-
B)	**Financial assets at fair value through OCI**					
	Non Current Financial Assets: Investments	March 31, 2019 {Refer Note No. 49.3}	4.60	-	4.60	-
C)	**Financial assets at amortised cost**					
	Non Current Financial Assets : Investments	March 31, 2020	3,275.16	-	-	3,275.16
	Non Current Financial Assets : Loans	March 31, 2020	99.88	-	-	99.88
	Non Current Financial Assets : Others	March 31, 2020	301.18	-	-	301.18
	Current Financial Assets : Trade Receivables	March 31, 2020	13,233.32	-	-	13,233.32
	Current Financial Assets : Cash and Cash Equivalents	March 31, 2020	20,566.37	-	-	20,566.37
	Current Financial Assets : Bank Balances	March 31, 2020	475.14	-	-	475.14
	Current Financial Assets : Others	March 31, 2020	32.80	-	-	32.80
	FINANCIAL LIABILITIES					
A)	**Financial liabilities at fair value through profit & loss**					
B)	**Financial liabilities at amortised cost:**					
	Non Current Financial Liabilities : Borrowings	March 31, 2020	12,471.93	-	-	12,471.93
	Non Current Financial Liabilities : Others	March 31, 2020	755.86	-	-	755.86
	Current Financial Liabilities : Trade Payable	March 31, 2020	8,575.08	-	-	8,575.08
	Current Financial Liabilities : Others	March 31, 2020	163.13	-	-	163.13

*Refer Note no .2.5 for Fair value measurement method

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Note 49.3 - Measurement of Fair Value : Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values for assets and liabilities carried at fair value through profit or loss

	Type		Valuation Technique
	FINANCIAL ASSETS		
A)	**Financial assets at fair value through profit & loss**		Not Applicable
B)	**Financial assets at fair value through OCI**		
	Non current financial assets: Investments		Level - 2: The fair value is determined as on the reporting date based on value per share derived from net worth of the Company as per the latest available annual report, since there is no other publically available market based information for similar entities.
C)	**Financial assets at amortised cost**		
	Non Current Financial Assets : Investments		Level - 3: The fair value is determined as on the reporting date based on amortised cost method by considering the discount rates based on yields of comparable investments or the transaction values where these are short term in nature.
	Non current financial assets: Loans		
	Non current financial assets: Others		
	Current financial assets : Trade receivables		
	Current financial assets : Cash and cash equivalents		
	Current financial assets : Bank balances		
	Current financial assets : Others		
	FINANCIAL LIABILITIES		
A)	**Financial liabilities at fair value through profit & loss**		Not Applicable
B)	**Financial liabilities at amortised cost:**		
	Non current financial liabilities : Borrowings (including current maturity of long term borrowing)		Level - 3: The fair value is determined as on the reporting date based amortised cost method.
	Non Current Financial Liabilities : Others		
	Current financial liabilities : Trade payable		
	Current financial liabilities : Others		

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 50 CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued equity share capital, all other reserves and borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Group.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Long Term Borrowing (including current maturities of long term borrowings)	8,917.28	12,471.93
Short Term Borrowing	-	-
Less: Cash and cash equivalents	26,593.89	21,304.30
TOTAL BORROWING (NET)	**(17,676.61)**	**(8,832.37)**
Equity Share Capital	1,533.00	1,533.00
Other Equity	71,605.67	60,356.07
TOTAL EQUITY	**73,138.67**	**61,889.07**
Gearing ratio (net debt/ total equity)	(0.24)	(0.14)

No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTE 51 FINANCIAL RISK MANAGEMENT FRAMEWORK

A) Financial Risk Management

The Group's activities primarily expose it to various risks such as Market Risks, Credit Risk and Liquidity Risk. Those are explained below :

1) Market Risk

Market Risks arise due to Changes in Interest rates, Foreign Exchange rates and changes in market prices.

(i) Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is generally to undertake long-term borrowings using facilities that carry floating-interest rate. The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Moreover, the short-term borrowings of the Group do not have a significant fair value or cash flow interest rate risk due to their short tenure.

As the Group does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

As at the end of reporting period, the Group had following long term variable interest rate borrowings and derivatives to hedge the interest rate risk are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Notional value of liability	8,917.28	12,471.93
Less: Interest Rate Swap on above Liability	8,917.28	12,471.93
Net exposure	**-**	**-**

Disclosure of Effects of Interest Rate Swaps Hedge accounting on Financial Position as at March 31, 2021

(₹ in lakhs)

Particulars	Nominal value of liability	Carrying amout of hedging instrument	Maturity date	Hedge ratio
Interest Rate Risk				
- Interest Rate Swaps	8,917.28	435.30	December 2023	1:1

Disclosure for gain / (loss) recognised in cashflow hedging reserve and recycled during the year

For FY 2020-21

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	755.86	-	-	320.56	320.56	435.30

For FY 2019-20

(₹ in lakhs)

Particulars	Opening Balance	Net amount recognised	Recycled			Closing Balance
			Net amount to P & L	Net amount added to non financial assets	Total amount recycled	
Forex - Interest Rate Swaps	390.92	364.94	-	-	-	755.86

Interest rate sensitivity

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's results arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(ii) Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Parent Company enters into forward exchange contracts to hedge its foreign currency exposures in USD and Euro.

a) Exposure in foreign currency - Hedged

The Parent Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Group does not enter into any Derivative Instruments for trading and Speculation purposes.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Forward Exchange Contracts used for hedging foreign exchange currency exposure and outstanding as at reporting date as at under:

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent	No. of Contracts	Amount in Foreign Currency	Indian Rupee Equivalent
Forward Contract to Sell USD	29	$28.50	2,094.75	86	$78.25	5,899.27
Forward Contract to Sell Euro	36	€ 25.00	2,152.50	56	€ 37.50	3,114.38

b) The unhedged exposures as at the end of the reporting date as as follows

(Amount in lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency
Financial Assets				
Trade Receivables - USD	6,450.94	$87.76	1,384.24	$18.36
Trade Receivables - Euro	-	-	215.75	€ 2.60
Financial Liabilities				
Trade Payables - Euro	-	-	75.33	€ 0.91
Long term Borrowings - USD	8,917.28	$121.32	12,471.93	$165.44
Net Exposure - USD	**(2,466.34)**	**($33.56)**	**(11,087.69)**	**($147.08)**
Net Exposure - Euro	**-**	**-**	**140.42**	**€ 1.69**

In case of change in the currencies by 1%, the change in the profit would be as under :

(Amount in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Change	USD	EURO	Change	USD	EURO
1% Depreciation in INR	1%	(24.66)	-	1%	(110.88)	1.40
1% Appreciation in INR	1%	24.66	-	1%	110.88	(1.40)

(iii) Market Price Risks

The Group is affected by the price stability of certain commodities. Purchases of Raw Materials from our top 2 suppliers constitute approximately 41.30% of our total purchases made from all suppliers. We do not enter into supplier contracts for duration beyond period of 3-6 months. If suppliers do not supply us, there can be no assurance that we will be able to identify alternative suppliers in future at similar cost. Any disruption in the supply of the raw materials could disrupt our manufacturing operations, which could have a material adverse effect on our business, results of operations and financial condition.

The Group's total imports of raw materials is approximately 26.29% (P.Y.: 30.00%) of the total raw material consumed. The cost of our imported raw material affected by the fluctuation in the rate of foreign exchange of the currency in which we purchase these raw materials (primarily in USD) and the Rupee.The Group has a risk management framework aimed at prudently managing the price risk arising from the volatility in commodity prices and freight costs and tries to pass on increases in the costs to its customers to whatever extent possible.

2) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares and Balances with Banks.

The Group holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits (generally between 30 to 90 days) and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The outstanding trade receivables due for a period exceeding 180 days as at the year ended March 31, 2021 is 0.81% (P.Y. 0.67%) of the total trade receivables. The Group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

3) Liquidity Risk

The Group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Group has obtained fund and non-fund based borrowings from banks. The Group invests its surplus funds in bank fixed deposit which carry low credit risks.

All payments are made on due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Group has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

Maturity to Financial Liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(₹ in lakhs)

Particulars	Outstanding Balance as on March 31, 2021	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term Borrowings (including current maturity on Long Term Borrowings)	8,917.28	3,242.85	5,674.43	-	-
Trade Payable	10,718.55	10,718.55	-	-	-
Securities Deposits taken	250.89	250.89	-	-	-
Statutory Dues Payable	66.52	66.52	-	-	-
Advance from Customers	300.34	300.34	-	-	-
Other Liabilities	0.42	0.42	-	-	-
Provision - Others	404.47	404.47	-	-	-
Income Tax	457.11	457.11	-	-	-

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 52 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 FOR COMPANY PREPARING CONSOLIDATED FINANCIAL STATEMENTS:

For March 31, 2021

(₹ in lakhs)

Sr. No.	Name of the entity	Net Assets i.e Total Assets (minus) Total Liabilities		Share in Profit or Loss		Share in other Comprehensive Income		Share In Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated Other Comprehnsive Income	Amount	As % of Consolidated Other comprehensive Income	Amount
A	**Parent**								
1	Fine Organic Industries Limited	101.02	73,883.77	95.50	11,493.18	100.00	232.90	95.59	11,726.08
B	**Subsidiaries-Foreign**								
1	Fine Organics (USA) Inc	(0.03)	(23.72)	0.13	16.17	-	-	0.13	16.17
2	Fine Organics Europe BV	0.95	697.94	2.83	340.12	-	-	2.77	340.12
2.1	Minority Interest on all Subsidiaries	0.01	6.91	-	-	-	-	-	-
C	**Joint Ventures (Investment as per equity method)**								
	Fine Zeelandia Private Limited	(1.26)	(923.32)	(1.08)	(130.45)	-	-	(1.06)	(130.45)
	FineADD Ingredients GmbH	(0.17)	(120.73)	-	-	-	-	-	-
D	**Inter Company Adjustment for Stock Reserve**								
1	Fine Organics (USA) Inc	(0.40)	(289.50)	0.49	58.83	-	-	0.48	58.83
2	Fine Organics Europe BV	(0.13)	(92.68)	2.13	256.28	-	-	2.09	256.28
	Total	**100.00**	**73,138.67**	**100.00**	**12,034.13**	**100.00**	**232.90**	**100.00**	**12,267.03**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

For March 31, 2020

(₹ in lakhs)

Sr. No.	Name of the entity	Net Assets i.e Total Assets (minus) Total Liabilities		Share in Profit or Loss		Share in other Comprehensive Income		Share In Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated Other Comprehnsive Income	Amount	As % of Consolidated Other comprehensive Income	Amount
A	**Parent**								
1	Fine Organic Industries Limited	101.92	63,077.45	101.03	16,650.17	100.00	(351.58)	101.06	16,298.59
B	**Subsidiaries-Foreign**								
1	Fine Organics (USA) Inc	(0.05)	(33.87)	0.86	142.37	-	-	0.88	142.37
2	Fine Organics Europe BV	0.74	456.56	2.12	349.80	-	-	2.17	349.80
	Minority Interest on all Subsidiaries	0.01	5.08	-	-	-	-	-	-
C	**Joint Ventures (Investment as per equity method)**								
	Fine Zeelandia Private Limited	(1.28)	(792.86)	(2.58)	(425.32)	-	-	(2.64)	(425.32)
	FineADD Ingredients GmbH	(0.20)	(120.73)	(0.49)	(80.71)	-	-	(0.50)	(80.71)
D	**Inter Company adjustment for Stock Reserve**								
1	Fine Organics (USA) Inc	(0.58)	(358.68)	0.06	10.19	-	-	0.06	10.19
2	Fine Organics Europe BV	(0.56)	(343.88)	(1.01)	(166.49)	-	-	(1.03)	(166.49)
	Total	**100.00**	**61,889.07**	**100.00**	**16,480.01**	**100.00**	**(351.58)**	**100.00%**	**16,128.43**

NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

NOTE 53

The Parent Company has approved formation of Joint Venture Company (JVC) in Thailand in the Board Meeting. Subsequently on May 06, 2021 the Company has executed Joint Venture Agreement with M/s. Oleofine Organics Thailand Co. Ltd and Oleofine Organics Sdn. Bhd.

The proposed shareholding of the JVC shall be as follows-

Company Name	Percentage
Fine Organic Industries Limited	45%
Oleofine Organics Thailand Co. Ltd.	45%
Oleofine Organics Sdn. Bhd.	10%

MR. JAYEN SHAH,
CEO WAS AWARDED
THE DISTINGUISHED ALUMNUS AWARD
UNDER THE ENTREPRENEUR CATEGORY
BY UAA ICT, IN MAY 2021

DISTINGUISHED
ALUMNUS
AWARD

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