A B D AND CO LLP
CHARTERED ACCOUNTANTS

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Report of the auditors of CFS North America LLC (CFS NA), to Kalyaniwalla & Mistry LLP, auditors of Camlin Fine Sciences Limited Group

Opinion

We have audited the accompanying Financial Statements of **CFS North America LLC (CFS NA)** ("the Company"), which comprises the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, other explanatory information and the accompanying special purpose financial information of CFS North America LLC (CFS NA) together called the Fit for Consolidation Financial Statement (FFC).

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

Basis of opinion

As requested by you, vide your communication dated April 3, 2019 and solely for your use for expressing an audit opinion on the Consolidated Financial Statements of Camlin Fine Sciences Limited, we report that the attached FFC present fairly, in all material respects, the financial position of CFS North America LLC (CFS NA) as at 31st March, 2019 and of its financial performance and cash flows for the year then ended and are properly prepared in accordance with the group accounting policies and the instructions referred to above and are in conformity with Group Accounting Policies and Instructions on a basis consistent with that of the preceding year.

We further state that, in our judgment and for the purpose as mentioned above, there are no other matters that need to be reported to you.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matters described below to be Key audit matters to be communicated in our report.

Key audit matter	Auditors' Response
Going Concern Assumption The availability of sufficient funding and testing whether the Company will be able to continue meeting its financial obligations considering operating losses incurred in the current year, are important factors for the going concern assumption and as such, significant aspect of our audit. This assessment was largely based on the expectations of and estimates made by the management. The expectations and estimates can be influenced by subjective elements such estimate of future cash flows, forecasted results and margin from operations. Management's estimates in this regard are based on assumptions, including expectations regarding future developments in the economy and the markets in which the company operates. Refer Note 26 to FFC for note on going concern assumption	We have involved our internal experts in evaluating assumptions and forecasts made by the management in financial projections. We have specifically devoted our attention to assumptions with respect to projected sales, operating margins and cash flows, in order to assess the company's ability to continue meeting its financial obligations.
Recognition of Deferred Tax Asset (DTA) on tax losses The Company has recognized DTA on tax losses. Recognition of DTA on tax losses involves significant judgment to determine availability of future taxable profits against which the tax losses can be utilised. Refer Note 4 to FFC for note on DTA	We have involved our internal experts in evaluating management's assessment of availability of future taxable profits against which the tax losses can be utilised. We have obtained appropriate convincing evidence and challenged management's estimate of projected sales, operating margins and cash flows. Our procedures included reviewing regulatory provisions relating to limitation on carry forward and its impact on utilisation of tax losses, discussion with the management on the business strategy and reasonableness of the assumptions in the light of the current developments. We also assessed and analysed reliability of management's

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	forecasts through a review of actual performance against previous forecast.

Management's Responsibility for the Fit for Consolidation Accounts (FFC)

The Company's Management is responsible for the preparation and fair presentation of the FFC in accordance with the instructions received from Camlin Fine Sciences Limited and Kalyaniwalla & Mistry LLP, the auditors of Camlin Fine Sciences Limited and the accounting policies set out in the group audit instructions. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the FFC Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the FFC Accounts

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the FFC Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the FFC Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the FFC Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Management, as well as evaluating the overall presentation of the FFC financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the FFC Financial Statements.

Other matters

In particular and with respect to Camlin Fine Sciences Limited and the other components in the Camlin Fine Sciences Limited Group, referred to in **Para 1.2** of the Group Audit Instructions, we are independent and comply with the applicable requirements of the Standards on Auditing.

The FFC has been prepared for purposes of providing information to Camlin Fine Sciences Limited to enable it to prepare the consolidated financial statements of Camlin Fine Sciences Limited. The special purpose financial information is not a complete set of financial statements of the Company and thus not suitable for any other purpose. This report is intended solely for the purpose of expressing an audit opinion on the Consolidated financial statements of Camlin Fine Sciences Limited by Kalyaniwalla & Mistry LLP and should not be used for any other purpose or distributed to other parties.

For A B D AND CO LLP
Chartered Accountants
Firm Registration No.: W100145

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W100145
Chartered Accountants

Devdatta Mainkar
Partner
M. No. 109795
Mumbai, May 17, 2019

CFS NORTH AMERICA LLC
Balance Sheet as at March 31, 2019

USD Actuals

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	387,188	435,005
Other Intangible Assets	3	691	3,129
Deferred Tax Assets	4	962,070	962,070
Total Non-current Assets		**1,349,949**	**1,400,204**
Current Assets			
Inventories	5	1,370,739	714,706
Financial assets			
Trade receivables	6	657,537	762,441
Cash and cash equivalents	7	370,816	54,493
Other current assets	8	71,539	70,183
Total Current Assets		**2,470,631**	**1,601,824**
TOTAL ASSETS		**3,820,579**	**3,002,028**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	1,490,000	465,000
Other Equity	10	(5,025,572)	(3,619,216)
Total Equity		**(3,535,572)**	**(3,154,216)**
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
Borrowings	11	1,520,000	1,990,000
Total Non-Current Liabilities		**1,520,000**	**1,990,000**
Current Liabilities			
Financial Liabilities			
Borrowings	12	3,011	993
Trade Payables	13	4,755,007	3,737,189
Other financial liabilities	14	1,009,729	384,686
Total Current Liabilities		**5,767,747**	**4,122,869**
Other current liabilities	15	68,404	43,375
TOTAL EQUITY AND LIABILITIES		**3,820,579**	**3,002,028**
Significant Accounting Policies			

The accompanying notes 1 to 27 form an integral part of the Financial Statements.

For and on behalf of CFS North America LLC

Santosh Parab
Authorised Signatory
Mumbai, May 17, 2019

CFS North America, LLC

For A B D AND CO LLP
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Devdatta Mainkar
Partner
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CFS NORTH AMERICA LLC
Statement of Profit and Loss for the year ended March 31, 2019

			USD Actuals
Particulars	**Note**	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
INCOME			
Revenue from operations	16	3,375,480	2,765,833
Other income	17	2,685	93,209
Total income		**3,378,165**	**2,859,042**
EXPENSES			
Cost of material consumed	18	1,243,412	459,352
Purchases of stock-in-trade	19	1,671,260	2,114,798
Changes in inventories of finished goods,stock-in-trade and work in progress	20	(591,983)	(144,198)
Employee benefits expense	21	1,362,970	1,443,539
Finance costs	22	166,859	166,859
Depreciation & amortization expense	23	59,721	57,689
Other expenses	24	872,282	894,132
Total Expenses		**4,784,521**	**4,992,170**
(Loss)/Profit Before Tax		**(1,406,356)**	**(2,133,128)**
Tax expense			
Current tax	25	-	-
Deferred tax	25	-	(962,070)
		-	**(962,070)**
Loss for the Year		**(1,406,356)**	**(1,171,058)**

Significant Accounting Policies

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CFS NORTH AMERICA LLC

Statement of Cash Flows for the year ended March 31, 2019

USD Actuals

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Cash Flow from Operating Activities		
Loss before Taxation	(1,406,356)	(2,133,128)
Adjustment for:		
Depreciation and Amortization Expense	59,721	57,689
Finance Costs	166,859	166,859
Operating Profit before working capital changes	**(1,179,776)**	**(1,908,580)**
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	25,029	25,029
Increase/(Decrease) in Financial Liabilities	1,031,033	2,215,632
(Increase)/Decrease in Non Financial Assets	(657,388)	(196,121)
(Increase)/Decrease in Financial Assets	104,904	(50,466)
Cash generated from operations	**503,577**	**1,994,074**
Net Cash Flow from/(used in) Operating activities	**(676,199)**	**85,493**
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(9,466)	(40,006)
Net Cash Flow from/(used in) Investing Activities	**(9,466)**	**(40,006)**
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital (net of issue expenses)	1,025,000	-
Proceeds from / (Repayment of) Short Term Borrowings (net)	2,017	(1,667)
Interest Paid	(25,030)	(25,028)
Net Cash Flow from Financing Activities	**1,001,988**	**(26,695)**
Net Increase / (Decrease) in Cash & Cash Equivalent	**316,323**	**18,792**
Cash & Cash Equivalent -Opening Balance	**54,493**	**35,700**
Cash & Cash Equivalent -Closing Balance	**370,816**	**54,493**

Note :

The accompanying notes 1 to 27 form an integral part of the Financial Statements.

For and on behalf of CFS North America LLC

Santosh Parab
Authorised Signatory
Mumbai, May 17, 2019

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CFS NORTH AMERICA LLC
Statement of Changes in Equity for the year ended March 31, 2019

a) **Equity Share Capital**

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	465,000	465,000
Changes in equity share capital during the year	1,025,000	-
Balance at the end of the reporting year	**1,490,000**	**465,000**

b) **Other Equity**

USD Actuals

Particulars	Retained Earnings
Balance as at April 1, 2017	(2,448,157.59)
(Loss) for the Year	(1,171,058.26)
Balance as at March 31, 2018	**(3,619,215.85)**
(Loss) for the year	(1,406,355.66)
Balance as at March 31, 2019	**(5,025,571.51)**

The accompanying notes 1 to 27 form an integral part of the Financial Statements.

For and on behalf of CFS North America LLC

Santosh Parab
Authorised Signatory
Mumbai, May 17, 2019

CFS North America, LLC

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Devdatta Mainkar
Partner
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Mumbai, May 17, 2019

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1 Significant Accounting Policies

A. Corporate Information

CFS North America LLC ("the Company") is domiciled in United States of America having its registered office at 3179, 99th Street, Urbandale, Iowa 50322 USA. The Company is engaged in sales, marketing and distribution of antioxidants, food ingredients, blends, formulations etc.. The Company is wholly owned subsidiary of Camlin Fine Sciences Limited, a listed company in India.

B. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company's Financial Statements for the year ended March 31, 2019 comprises of the Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows, Statement of Changes in Equity and Notes to Financial Statements. These financial statements are prepared for the purpose of consolidation in the Parent Company's Consolidated Financial Statements.

Current versus non-current classification:
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

Functional and Presentation Currency
The financial statements are presented in United States Dollars, which is the functional currency of the Company.

Basis of Measurement
The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for certain financial assets and liabilities, including financial instruments which have been measured at fair value as described below

Key Accounting Estimates and Judgements:
The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities, are included in the following notes:

(i) Determination of the estimated useful lives of property, plant and equipment and intangible assets.
(iv) Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.
(iii) Recognition of deferred tax assets.
(iv) Fair value of financial instruments.

Measurement of fair values
The Company's accounting policies and disclosures require the financial instruments to be measured at fair values.

The Company has an established control framework with respect to measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. 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 conclusions that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and 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.

C. Significant Accounting Policies

a. Property, Plant & Equipment

(i) Recognition and Measurement

Property, plant and equipment is initially measured at cost net of tax credit availed less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises:

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

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

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

When significant parts of Property, Plant and Equipment are required to be replaced, the Company derecognises the replaced part and recognises the new part with its own associated useful life and it is depreciated accordingly.

(ii) Depreciation

Depreciable amount for property, plant and equipment is the cost of property, plant and equipment less its estimated residual value.

Depreciation is provided on Straight Line Method over the estimated useful lives of the property, plant and equipment on pro rata basis.

The estimated useful lives, residual values and depreciation methods are reviewed by the management at each reporting date and adjusted if appropriate.

(iii) Disposal or Retirement

Property, plant and equipment are derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised in the Statement of Profit and Loss in the year of occurrence.

b. Capital Work In Progress

Capital work in progress includes the acquisition/commissioning cost of assets under expansion/acquisition and pending commissioning. Expenditure of revenue nature related to such acquisition/expansion is also treated as capital work in progress and capitalized along with the asset.

c. Intangible Assets

(i) Initial Recognition

Acquired Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Internally generated intangible assets

Expenditure on research activities is recognised as expenses in the period in which it is incurred.

An internally generated intangible asset arising from development is recognised if, and only if, all of the following conditions have been met:

a) It is technically feasible to complete the intangible asset so that it will be available for use or sale.
b) There is an intention to complete the asset.
c) There is an ability to use or sell the asset.
d) The asset will generate future economic benefits.
e) Adequate resources are available to complete the development and to use or sell the asset.
f) The expenditure attributable to the intangible asset during development phase can be measured reliably.

Where no internally generated intangible asset can be recognised, the development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

CFS North America, LLC

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(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the Straight-Line Method over their estimated useful lives, and is recognised in Statement of profit or loss.

Capitalised ERP software cost, technical know-how and development expenditure of projects / products incurred is amortised over the estimated period of benefits, not exceeding five years on straight line method.

(iii) Derecognition

An item of intangible asset is derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and recognised in the Statement of Profit and Loss in the period of occurrence.

d. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

If the recoverable amount of asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expenses in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of an asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

e. Financial Instruments

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

I. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

(ii) Subsequent measurement and classification

For the purpose of subsequent measurement, the financial assets are classified into three categories:
- Financial assets at amortised cost
- Financial assets at fair value through Other Comprehensive Income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

on the basis of its business model for managing the financial assets

(iii) Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold assets for collecting contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

(iv) Financial asset at Fair Value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value through other comprehensive income (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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(v) Financial asset at Fair Value through profit or loss (FVTPL)

A financial asset which are not classified in any of the above categories are measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

CFS North America, LLC

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(vi) Financial assets as Equity Investments

All equity instruments other than investment in subsidiaries and associate are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

(vii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(viii) Impairment of financial assets

The Company applies 'Simplified Approach' for measurement and recognition of impairment loss on the following financial assets and credit exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g. loans, deposits and bank balance
- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

II. Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

(iv) Financial guarantee contracts

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the amount initially recognised less cumulative amount of income recognised in accordance with Ind AS 18, 'Revenue'.

(v) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the

III. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

IV. Incremental costs directly attributable to the issue of ordinary equity shares, are recognised as a deduction from equity.

CFS North America, LLC

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f. **Inventories**

Inventories are valued at lower of cost and net realizable value. Costs are computed on weighted average basis and are net of CENVAT/GST credits.

Raw materials, packing materials and stores: Cost includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition.

Finished Goods and Work in Progress: In case of manufactured inventories and work in progress, cost includes all costs of purchase, an appropriate share of production overheads based on the normal operating capacity and other costs incurred in bringing the inventories to the present location and condition.

Net Realizable Value: Net realizable 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.

g. **Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank 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 flow, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

h. **Provisions, Contingent Liabilities and Contingent Assets**

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Contingent Liabilities

Contingent liabilities are disclosed 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 will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(iii) Contingent Assets

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

i. **Revenue Recognition**

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects consideration the Companny expects to receive in exchange for these products.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Sale of goods

- Revenue from the domestic sales is recognised on statisfaction of performance obligation, at a point of time, when all the significant risks and rewards of ownership of the goods have been passed to the customer, usually on delivery of the goods to customer. Sale of goods is meassured at transaction price excluding taxes and net of returns and allowances, trade discounts and volume rebates.

- Revenue from export sales is recognised on satisfaction of performance obligation at a point of point when all the significant risks and rewards of ownership of the goods have been passed to the customer, usually on the basis of dates of bill of lading. Revenue is measured at transaction price excluding taxes and net of returns and allowances, trade discounts and volume

(ii) Interest Income

a) Interest income is recognized using the effective interest rate (EIR) method.
b) Interest income on fixed deposits with banks is recognised on time basis.

j. **Employee Benefits**

Liabilities in respect of employee benefits to employees are provided for as follows:

(i) Short term employee benefits:

Liabilities for wages, salaries, bonus and medical benefits including non-monetary benefits that are expected to be settled wholly within twelve 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 incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment benefits:

Defined contribution plans

Payments to defined contribution plans for eligible employees in the form of superannuation fund and the Company's contribution to Provident Fund are recognised as an expense in the Statement of Profit and Loss as the related service is

(ii) Other long-term employee benefits

Compensated absences or paid time off (PTO) are granted on an annual basis and must be used within that calendar year. Any unused leave is forfeited at the end of that year.

k. **Borrowing Cost**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset are capitalized upto the time all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

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

l. **Foreign currency transactions / translations**

Transactions in foreign currencies are initially recorded at the functional currency spot rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies and remaining unsettled at the reporting date are translated into the functional currency at the exchange rate prevailing on the reporting date.

Non- monetary items that are measured based on historical cost in a foreign currency are not translated.

Exchange differences arising on settlement of transactions or translation of monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in the previous financial statements are recognised in the Statement of Profit and Loss in the year in which they arise except for exchange differences recognised as a part of qualifying assets.

m. **Leases**

Leases of assets, under which substantially all the risks and rewards incidental to ownership of the leased assets, are transferred to the Company are accounted as finance leases. Assets acquired under finance leases are capitalised at lower of fair value and present value of minimum lease payments at the inception of the lease. Initial direct costs incurred are added to the amount recognised as an asset. Minimum lease payments are apportioned between finance charges and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. If there is no reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term or the estimated useful life of the leased asset.

Leases of assets, under which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term unless the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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n. **Income tax**

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case, the tax is also recognized directly in equity or other comprehensive income, respectively.

(i) Current Tax

Current tax is determined as the amount of tax payable or recoverable in respect of taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates that are enacted or substantively enacted at the reporting date.

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

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

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are amounts of income taxes in future periods in respect of deductible temporary differences, unused tax losses, and unused tax credits to the extent 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 sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

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 at the reporting date.

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 recovered.

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:

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

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2 Property, Plant & Equipment

USD Actuals

PARTICULARS	Gross Block						Accumulated Depreciation						Net Block
	As at April 1, 2018	Additions during the year	Assets acquired in business combinations	Deletions / Disposals during the period / year	Other Adjustments, if any	As at March 31, 2019	As at April 1, 2018	Depreciation charge for the year	Relating to assets acquired in business combinations	Adjustments on deletions / disposals during the period / year	Other Adjustments, if any	As at March 31, 2019	As at March 31, 2019
Tangible Assets													
Freehold Land	-	-	-	-	-	-	-	-		-	-	-	-
Leasehold Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Hold Improvement	196,027	-	-	-	-	196,027	26,137	13,068	-	-	-	39,205	156,822
Factory & Other Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant, Equipment & Machinery	237,554	8,296	-	-	-	245,850	53,206	30,910	-	-	-	84,117	161,734
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-
Owned	81,383	-	-	-	-	81,383	16,093	8,138	-	-	-	24,232	57,151
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
ERP Hardware Cost	25,197	1,170	-	-	-	26,367	9,720	5,166	-	-	-	14,885	11,481
R&D Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
R&D Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**540,161**	**9,466**	-	-	-	**549,627**	**105,156**	**57,283**	-	-	-	**162,439**	**387,188**

USD Actuals

PARTICULARS	Gross Block						Accumulated Depreciation						Net Block
	As at April 1, 2017	Additions during the year	Assets acquired in business combinations	Deletions / Disposals during the period / year	Other Adjustments, if any	As at March 31, 2018	As at April 1, 2017	Depreciation charge for the year	Relating to assets acquired in business combinations	Adjustments on deletions / disposals during the period / year	Other Adjustments, if any	As at March 31, 2018	As at March 31, 2018
Tangible Assets													
Freehold Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Hold Improvement	196,027	-	-	-	-	196,027	13,068	13,068	-	-	-	26,137	169,890
Factory & Other Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant, Equipment & Machinery	198,648	38,906	-	-	-	237,554	24,146	29,060	-	-	-	53,206	184,348
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-
Owned	81,383	-	-	-	-	81,383	7,955	8,138	-	-	-	16,093	65,289
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
ERP Hardware Cost	24,097	1,100	-	-	-	25,197	4,735	4,984	-	-	-	9,720	15,477
R&D Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
R&D Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**500,155**	**40,006**	-	-	-	**540,161**	**49,905**	**55,251**	-	-	-	**105,156**	**435,005**

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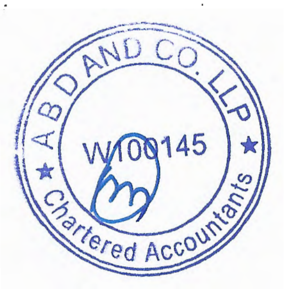
3 Intangible Assets

USD Actuals

PARTICULARS	Gross Block						Accumulated Depreciation						Net Block
	As at April 1, 2018	Additions during the year	Assets acquired in business combinations	Deletions / Disposals during the period / year	Other Adjustments, if any	As at March 31, 2019	As at April 1, 2018	Depreciation charge for the year	Relating to assets acquired in business combinations	Adjustments on deletions / disposals during the period / year	Other Adjustments, if any	As at March 31, 2019	As at March 31, 2019
Intangible Assets													
ERP Software Cost	7,694	-	-	-	-	7,694	4,565	2,438	-	-	-	7,003	691
Technical Know-How	-	-	-	-	-	-	-	-	-	-	-	-	-
Development expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
R & D Processing fees	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	7,694	-	-	-	-	7,694	4,565	2,438	-	-	-	7,003	691

USD Actuals

PARTICULARS	Gross Block						Accumulated Depreciation						Net Block
	As at April 1, 2017	Additions during the year	Assets acquired in business combinations	Deletions / Disposals during the period / year	Other Adjustments, if any	As at March 31, 2018	As at April 1, 2017	Depreciation charge for the year	Relating to assets acquired in business combinations	Adjustments on deletions / disposals during the period / year	Other Adjustments, if any	As at March 31, 2018	As at March 31, 2018
Intangible Assets													
ERP Software Cost	7,694	-	-	-	-	7,694	2,127	2,438	-	-	-	4,565	3,129
Technical Know-How	-	-	-	-	-	-	-	-	-	-	-	-	-
Development expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
R & D Processing fees	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	7,694	-	-	-	-	7,694	2,127	2,438	-	-	-	4,565	3,129



4 Deferred Tax Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unabsorbed business losses	962,070	962,070
	-	
	962,070	**962,070**

Considering the current trend of turnover and order flow from the customers coupled with business strategy adopted by the Group and overall positive business scenario in the markets in which the company operates, the management believes that sufficient future taxable profits will be available against which the unused business losses can be utilised. DTA on unused tax losses is recognised to the extent of estimate future taxable profits taking into account above factors.

5 Inventories

USD Actuals

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Raw material and components		
	(i) in stock	181,738	143,068
	(i) in transit	25,380	-
(b)	Work-in-progress	1,829	-
(c)	Finished goods	248,001	62,364
(d)	Stock in trade	913,791	509,274
(e)	Stores and spares	-	-
		1,370,739	**714,706**

6 Trade receivables

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
(i) considered good	657,537	762,441
(ii) doubtful	-	-
Less: Allowance for bad and doubtful debts	-	-
	657,537	**762,441**

7 Cash and cash equivalents

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
in current accounts	370,816	54,493
	370,816	**54,493**

8 Other current assets

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	71,539	70,183
Others	-	
	71,539	**70,183**

9 Equity share capital

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Issued, subscribed and paid up share capital	1,490,000	465,000
	1,490,000	**465,000**

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Notes To The Financial Statements For The Period Ended March 31, 2019

10 Other Equity

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Balance in Statement of Profit and Loss		
Balance, beginning of the year	(3,619,216)	(2,448,158)
Loss for the period	(1,406,356)	(1,171,058)
	(5,025,572)	**(3,619,216)**

11 Non-current borrowings

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Term Loans		
Loans from related parties	1,990,000	1,990,000
Less: Current maturities of loans from related parties	470,000	-
	1,520,000	**1,990,000**

12 Current borrowings

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Short term borrowings		
From banks - unsecured	3,011	993
	3,011	**993**

13 Trade payables

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Payable to related parties	4,379,242	3,622,739
Other trade payables	375,766	114,450
	4,755,008	**3,737,189**

14 Other current financial liabilities

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of borrowings from related parties	470,000	-
Interest accrued on loans from related parties	387,622	245,793
Other outstanding liabilities	152,107	138,893
	1,009,729	**384,686**

15 Other current liabilities

USD Actuals

Particulars	As at March 31, 2019	As at March 31, 2018
Accrued interest tax	68,404	43,375
	68,404	**43,375**

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Notes To The Financial Statements For The Period Ended March 31, 2019

16 Revenue from operations

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products		
Finished goods	1,409,821	35,661
Traded goods	1,965,660	2,730,172
	3,375,480	**2,765,833**

17 Other income

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Miscellaneous receipts	2,685	93,209
	2,685	**93,209**

18 Cost of materials consumed

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock of Raw Material	143,068	100,425
Add: Purchases of Raw Material	1,307,462	501,996
Less: Closing Stock of Raw Material	207,118	143,068
	1,243,412	**459,352**

19 Purchase of stock-in trade

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of stock-in trade	1,671,260	2,114,798
	1,671,260	**2,114,798**

20 Changes in inventories of finished goods, stock-in-trade and work in progress

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Inventory		
Finished goods	62,364	427,440
Stock-in-trade	509,274	-
Work in progress	-	-
	571,638	**427,440**
Closing Inventory		
Finished goods	248,001	62,364
Stock-in-trade	913,791	509,274
Work in progress	1,829	-
	1,163,621	**571,638**
	(591,983)	**(144,198)**

CFS NORTH AMERICA LLC

Notes To The Financial Statements For The Period Ended March 31, 2019

21 Employee benefit expense

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Wages	1,245,449	1,318,465
Staff welfare expenses	117,521	125,074
	1,362,970	**1,443,539**

22 Finance costs

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense	166,859	166,859
Other borrowing cost	-	-
	166,859	**166,859**

23 Depreciation and amortisation expenses

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment	57,283	55,251
Amortisation on intangible assets	2,438	2,438
	59,721	**57,689**

24 Other expenses

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and fuel	4,727	4,856
Rent	49,724	46,254
Insurance	57,040	41,675
Repairs to plant and equipment	18,486	19,089
Repairs to other property, plant and equipment	1,499	130
Sub contracting charges	137,374	12,267
Labour charges	1,825	5,198
Advertisement and sales promotion	197,296	237,525
Transport and forwarding charges	1,822	4,145
Commission / discount / service charges on sales	1,799	-
Travelling and conveyance	122,972	119,903
Legal & professional fees	160,010	171,224
Bank charges	2,324	2,299
Miscellaneous expenses	115,385	229,568
	872,282	**894,132**

25 Income tax recognised in profit and loss

USD Actuals

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
In respect of current year	-	
In respect of prior year	-	
Deferred tax		
In respect of current year	-	(962,070)
	-	**(962,070)**

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26 **Going concern assumption**

The Company has incurred operating loss in the current year owing to higher operating costs. The Company has achieved significant growth in sales in the current year and reduced operating losses compared to previous year due to high value orders in the last quarter from customers.

The Management believes that there would be constant order flow from customers leading to increase in sales and profitability of the Company.

Further, Camlin Fine Sciences Ltd, the Holding Company, has assured continued financial support in order to meet the Company's financial obligations. In the view of these factors, the financial statements are prepared considering 'going concern' assumption appropriate.

27 Previous years' figures have been regrouped / restated wherever necessary to conform to current year's classification.

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