

**GUJARAT
FLUOROCHEMICALS
AMERICAS LLC, U.S.A.**

13th

ANNUAL REPORT

2021-2022

Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited

Report on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Americas LLC

Opinion

We have audited the accompanying special purpose Ind AS financial statements of **Gujarat Fluorochemicals Americas LLC** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements"). The financial information has been prepared by the management as described in Note 2.1 to these Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs of the Company as at 31st March 2022, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2.1 to the Financial Statements.

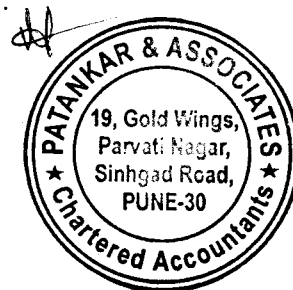
Basis for Opinion

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

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of the 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS).

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



Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Americas LLC for the year ended 31 March 2022 (continued)

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.

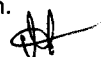
The management is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Americas LLC for the year ended 31 March 2022 (continued)

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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist the holding Company, Gujarat Fluorochemicals Limited, to comply with the requirements of Section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these Financial Statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

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

S. S. Malani

S S Malani
Partner
Membership No. 110051

Place: Vadodara
Date: 12 May 2022
UDIN: 22110051AIVRHM6162



Gujarat Fluorochemicals Americas LLC
Balance Sheet as at 31st March, 2022

(Rs. in Lakhs)

Particulars	Notes	As at	
		31st March, 2022	31st March, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant & equipment	5	19.19	34.31
(b) Right of use assets	6	65.95	96.79
(c) Financial assets			
(i) Other financial assets	7	3.23	3.03
(d) Deferred tax assets (net)	14	26.57	3.90
Sub-total		114.94	138.03
(2) Current Assets			
(a) Inventories	9	10,490.51	7,551.65
(b) Financial assets			
(i) Trade receivables	10	12,068.91	7,060.22
(ii) Cash and cash equivalents	11	457.68	253.46
(iii) Other financial assets	7	252.22	214.63
(c) Other current assets	8	1,489.26	348.38
Sub-total		24,758.58	15,428.34
Total Assets		24,873.52	15,566.37
EQUITY & LIABILITIES			
Equity			
(a) Share capital	12	1,012.28	1,012.28
(b) Other equity	13	6,882.18	4,136.07
Sub-total		7,894.46	5,148.35
LIABILITIES			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	30	36.74	71.29
Sub-total		36.74	71.29
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	30	37.15	33.08
(ii) Trade payables	15	16,404.98	10,213.66
(b) Other current liabilities	16	12.40	71.22
(c) Current tax liabilities (net)	17	487.79	28.77
Sub-total		16,942.32	10,346.73
Total Equity & Liabilities		24,873.52	15,566.37
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration No. 107628W

S.S. Malani

S. S. Malani

Partner

Membership No. 110051

Place: Vadodara

Dated: 12 May 2022



For GUJARAT FLUOROchemicals
AMERICAS LLC

[Signature]
Puneet Bhatnagar
Manager

Place: Texas, USA

Dated: 12 May 2022

Gujarat Fluorochemicals Americas LLC
Statement of Profit and Loss for the Year ended 31st March, 2022

(Rs. in Lakhs)

Particulars	Notes	2021-2022	2020-2021
Revenue			
I Revenue from operations	18	52,722.57	27,374.54
II Other income	19	10.77	6.40
III Total Revenue (I+II)		52,733.34	27,380.94
IV Expenses			
Purchases of stock-in-trade	20	49,426.29	25,215.10
Changes in inventories of finished goods and stock-in-trade	21	(2,617.33)	(841.21)
Employee benefits expense	22	501.68	428.35
Finance costs	23	4.86	6.63
Depreciation and amortisation expense	24	50.76	50.19
Other expenses	25	2,182.36	1,563.51
Total expenses (IV)		49,548.62	26,422.57
V Profit before tax (III-IV)		3,184.72	958.37
VI Tax expense	31		
(1) Current tax		705.56	210.56
(2) Deferred tax		(22.52)	(11.34)
		683.04	199.22
VII Profit for the year (V-VI)		2,501.68	759.15
VIII Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		244.43	(162.54)
Total other comprehensive income		244.43	(162.54)
IX Total comprehensive income for the year (VII+VIII)		2,746.11	596.61

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration No. 107628W

S.S. Malani

S. S. Malani

Partner

Membership No. 110051

Place: Vadodara

Dated: 12 May 2022



For GUJARAT FLUOROchemicals

AMERICAS LLC

Puneet Bhatnagar
Puneet Bhatnagar
 Manager

Place: Texas, USA

Dated: 12 May 2022

Gujarat Fluorochemicals Americas LLC

Statement of Changes in Equity for the year ended 31st March, 2022

A. Share Capital	(Rs. in Lakhs)
Balance as at 1st April 2020	1,012.28
Changes in during the year	-
Balance as at 31st March, 2021	1,012.28
Changes in during the year	-
Balance as at 31st March, 2022	1,012.28

B. Other Equity			(Rs. in Lakhs)
Particulars	Reserves & Surplus	Other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at 1st April 2020	2,737.17	802.29	3,539.46
Profit for the year	759.15	-	759.15
Other comprehensive income for the year	-	(162.54)	(162.54)
Total comprehensive income for the year	759.15	(162.54)	596.61
Balance as at 31st March, 2021	3,496.32	639.75	4,136.07
Profit for the year	2,501.68	-	2,501.68
Other comprehensive income for the year	-	244.43	244.43
Total comprehensive income for the year	2,501.68	244.43	2,746.11
Balance as at 31st March, 2022	5,998.00	884.18	6,882.18

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

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration No. 107628W

S.S. Malani

S. S. Malani

Partner

Membership No. 110051

Place: Vadodara

Dated: 12 May 2022



For GUJARAT FLUOROCHEMICALS AMERICAS LLC

Puneet Bhatnagar

Manager

Place: Texas, USA

Dated: 12 May 2022

Gujarat Fluorochemicals Americas LLC
Statement of Cash Flows for the year ended 31st March, 2022

(Rs. in Lakhs)

Particulars	2021-2022	2020-2021
A Cash flow from operating activities		
Profit for the year	2,501.68	759.15
Adjustments for :		
Tax expense	683.04	199.22
Depreciation & amortization expense	50.76	50.19
Allowance for doubtful trade receivables	-	40.98
Allowance for doubtful deposits	93.21	-
Allowance for doubtful trade receivables written back	(4.18)	-
Interest income	(0.09)	(0.09)
Finance cost	4.86	6.63
Exchange difference on translation of assets and liabilities	244.79	(160.99)
<i>Operating profit before working capital changes</i>	3,574.07	895.09
Adjustments for :		
(Increase)/decrease in trade receivables	(5,004.51)	(1,183.07)
(Increase)/decrease in inventories	(2,938.86)	(604.18)
(Increase)/decrease in loans	(161.03)	3.05
(Increase)/decrease in other current financial assets	123.24	(123.24)
(Increase)/decrease in other non - current assets	-	(0.33)
(Increase)/decrease in other current assets	(1,140.88)	92.84
Increase/(decrease) in trade payables	6,191.32	1,031.05
Increase/(decrease) in other current financial liabilities	-	(1.82)
Increase/(decrease) in other current liabilities	(58.82)	62.45
Cash generated from operations	584.53	171.84
Income tax (paid)/refund (net)	(246.91)	(153.33)
Net cash generated from operating activities	337.62	18.51
B Cash flow from investing activities		
Purchase of property, plant & equipment	-	(4.65)
Movement in other bank balances	(94.84)	-
Net cash used in investing activities	(94.84)	(4.65)
C Cash flow from financing activities		
Payment of lease liabilities	(38.56)	(36.99)
Net cash used in financing activities	(38.56)	(36.99)
Net decrease in cash and cash equivalents	204.22	(23.13)
Cash and cash equivalents as at the beginning of the year	253.46	276.59
Cash and cash equivalents as at the end of the year	457.68	253.46

Notes:

- 1) The above statement of cash flows has been prepared under the indirect method.
- 2) Components of cash and cash equivalents are as per Note 11.
- 3) The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration No. 107628W

S.S. Malani

S. S. Malani

Partner

Membership No. 110051

Place: Vadodara

Dated: 12 May 2022



For GUJARAT FLUOROchemicals AMERICAS LLC

Puneet Bhatnagar
Puneet Bhatnagar
 Manager

Place: Texas, USA

Dated: 12 May 2022

Gujarat Fluorochemicals Americas LLC
Notes to the financial statements for the year ended 31st March, 2022

1. Company information

Gujarat Fluorochemicals Americas LLC (“the Company”) is incorporated in the United States of America and is engaged in the business of trading in fluoropolymers (PTFE, PVDF, PFA, FEP & FKM) and allied products. The Company is a subsidiary of Gujarat Fluorochemicals Limited, India and its ultimate holding company is Inox Leasing and Finance Limited, India. The activities of the Company are based in United States of America (USA).

The Company’s registered office is located at 1212 Corporate Drive, Suite 540, Irving, TX 75038, USA.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These special purpose financial statements of the Company comply in all material aspects with the Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act, 2013 (“the Act”) read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India and are prepared for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited, India. Accounting policies have been consistently applied except where a newly issued accounting standards initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.3) and the disclosures in respect of significant accounting policies are made accordingly.

Ministry of Corporate Affairs (MCA), vide its Notification dated 24 March, 2021, amended Schedule III to the Companies Act, 2013 with effect from 1 April 2021. Accordingly, previous year figures have been re-grouped/re-classified wherever necessary, to conform to the classification for the current year in order to comply with the requirements of the amended Schedule III to the Act.

These financial statements were authorized for issue by the Company’s Board of Directors on 12 May, 2022.

2.2 Basis of preparation, presentation and measurement

The functional currency of the Company is US Dollars. However, for purposes of compliance with the requirements of the Act, as aforesaid, these financial statements have been translated into Indian Rupees, being presentation currency, in accordance with the methodology prescribed for conversion of financial statements in Indian Accounting Standard (Ind-AS) 21: Effects of Changes in Foreign Exchange Rates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

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

These financial statements have been prepared on an accrual basis and under the historical cost basis except, certain financial assets and liabilities are measured at fair value or amortised cost (refer accounting policy regarding financial instruments).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those



Gujarat Fluorochemicals Americas LLC
Notes to the financial statements for the year ended 31st March, 2022

characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

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

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

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

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

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of products or services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

2.3 Amendments of existing accounting standards and recent accounting pronouncements

Amendments to existing accounting standards applicable to the Company:

a. Amendments to existing accounting standards:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 18 June, 2021, amendments to the existing standards have been notified and these amendments are effective from 1 April 2021. Following amendments have become applicable for the current reporting period:

- Amendments to Ind AS 116 Leases - COVID-19 related rent concessions: The amendments to Ind AS 116 extend the period of availing the practical expedient relating to Covid-19 related rent concessions to 30 June, 2022 (from earlier 30 June, 2021). This amendment does not have any impact on the financial statements of the Company.
- Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116 - Interest Rate Benchmark Reform Phase 2: The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). These amendments do not have any impact on the financial statements of the Company.



Gujarat Fluorochemicals Americas LLC
Notes to the financial statements for the year ended 31st March, 2022

b. New accounting pronouncements

As per Notification dated 23 March, 2022, amendments to the existing standards have been notified and these amendments are effective from 1 April, 2022. The summary of these amendments is as under:

- Amendments to Ind AS 103 Business Combinations: The amendments specify that in a business combination, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed, at the acquisition date, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.
- Amendments to Ind AS 16 Property Plant and Equipment: The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
- Amendments to Ind AS 37 Provisions Contingent Liabilities & Contingent Assets: The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Amendments to Ind AS 109 Financial Instruments: The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The Company does not expect the above amendments to have any impact on its financial statements.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue from contract with customers is recognized when the Company satisfies the performance obligation by transfer of control of promised product or service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers.

Sale of products: Revenue from sale of products is recognized when the control of the goods has been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e. when the material is shipped to the customer or on delivery to the customer, as per the terms of the contract.

No element of financing is deemed present as the payment of transaction price is either made in advance / due immediately at the point of sale or the sales are made with a credit term of less than 90 days, which is consistent with the market practice. There are no contracts where the period between the transfer of promised goods or services to the customers and payment by the customers exceed one year. Consequently, no adjustment is required to the transaction price for the time value of money.

Contract balances:

The Company classifies the right to consideration in exchange for deliverables as trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due



Gujarat Fluorochemicals Americas LLC
Notes to the financial statements for the year ended 31st March, 2022

(whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities are presented as 'Advances from customers'.

Other income

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

3.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease viz. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

"Lease liabilities" and "Right of use assets" have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3 Foreign currency transactions and translation

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

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



Gujarat Fluorochemicals Americas LLC
Notes to the financial statements for the year ended 31st March, 2022

3.4 Employee benefits

Retirement benefit costs

Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include wages and salaries etc.

Long-term employee benefits:

The Company has only has only defined contribution plan under Long term employee benefits.

Defined contribution plans:

Payments to defined contribution retirement benefit plan viz. employer's contribution to social security tax, are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions. The Company presents the component of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

3.5 Taxation

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises of amount of tax payable on taxable profit for the year determined in accordance with the provisions of the US Income tax laws (State and Federal taxes) and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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



