



Himadri

Ref. No: HSCL / Stock-Ex/2020-21/44

Date: 02/09/2020

E-mail: [monika@himadri.com](mailto:monika@himadri.com)

<b>Ref: Listing Code: 500184 (Equity)</b> BSE Limited Department of Corporate Services P. J. Towers, 25 <sup>th</sup> Floor, Dalal Street, Mumbai- 400 001	<b>Ref: Listing Code: HSCL</b> National Stock Exchange of India Ltd Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E) Mumbai- 400 051
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**Sub: Notice of 32<sup>nd</sup> Annual General Meeting (AGM) and Annual Report for the financial year 2019-20**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Part A (Para A) of Schedule III and Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of Annual Report of the Company for the financial year 2019-20 along with notice of the 32<sup>nd</sup> Annual General Meeting (AGM) to be held on Monday, the 28 September 2020 at 11:00 a.m. (IST) through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”).

The said Notice and Annual Report for the financial year 2019-20 is being sent only through e-mails to the shareholders of the Company at their registered e-mail addresses and the same has also been uploaded on the website of the Company at [www.himadri.com](http://www.himadri.com)

You are requested to kindly take the same on record.

Thanking you.

Yours faithfully,

For Himadri Speciality Chemical Ltd

Monika Saraswat  
Company Secretary  
ACS: 29322

Enclosed: a/a



**Himadri Speciality Chemical Ltd**

(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756  
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, Kolkata – 700 001, India  
Corp. Office: 8, India Exchange Place, 2nd Floor, Kolkata – 700 001, India  
Tel: 91-33-2230-9953, 2230-4363, Fax: 91-33-2230-9051, Website: [www.himadri.com](http://www.himadri.com)



Himadri

## Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

Regd. Office: 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No. 15, Kolkata - 700 001

E-mail: [investors@himadri.com](mailto:investors@himadri.com); Website: [www.himadri.com](http://www.himadri.com); Ph: 033 22309953

# NOTICE

**NOTICE** is hereby given that the 32<sup>nd</sup> Annual General Meeting (AGM) of the Members of Himadri Speciality Chemical Ltd will be held **on Monday, the 28 September 2020 at 11:00 a.m. (IST) through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)** to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31 March 2020 together with the report of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31 March 2020.
3. To appoint a Director in place of Mr. Bankey Lal Choudhary (DIN: 00173792), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shyam Sundar Choudhary (DIN: 00173732), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS

5. **To ratify remuneration of Cost Auditors and to consider and, if thought fit, to pass, the following as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 40,000/- (Rupees Forty Thousand only) plus applicable taxes and reimbursement of actual travel and out of pocket expenses incurred in connection with the audit, payable to Mr. Sambhu Banerjee, Cost Auditor (Membership No. 9780), who has been appointed by the Board of Directors as the Cost Auditors for conducting the audit of the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending 31 March 2021, be and is hereby ratified;

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

6. **To re-appoint Mr. Shyam Sundar Choudhary (DIN: 00173732) as Whole-time Director and to consider and, if thought fit, to pass the following as a Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 and all other applicable provisions, if any of the Companies Act, 2013 (“the Act”) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and pursuant to the approval of the Board of Directors (“the Board”) of the Company upon recommendation of Nomination & Remuneration Committee, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732), as Whole-time Director of the Company who has attained the age of 70 (Seventy) years as on 14 October 2018, for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025 or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines, on the detailed terms, conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the term of office of Mr. Shyam Sundar Choudhary as the Whole-time Director,

## Notice (Contd.)

the Company will pay to Mr. Choudhary in respect of such financial year(s) in which such inadequacy or loss arises or a period of three years, whichever is lower, the remuneration as set out in the Explanatory Statement as minimum remuneration or such higher limit as may be approved by the Board, subject to the limits as specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to alter and vary the terms and conditions including remuneration of said Mr. Shyam Sundar Choudhary in such manner as may be agreed by the Board and Mr. Shyam Sundar Choudhary, subject to the limits as specified under Section 197 and Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof constituted to exercise its powers (including the powers conferred by this resolution) be and is hereby authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect of this resolution.”

**7. To re-appoint Mr. Vijay Kumar Choudhary (DIN: 00173858) as Whole-time Director and to consider and, if thought fit, to pass the following as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 and all other applicable provisions, if any of the Companies Act, 2013 (“the Act”) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and pursuant to the approval

of the Board of Directors (“the Board”) of the Company upon recommendation of Nomination & Remuneration Committee, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Vijay Kumar Choudhary (DIN: 00173858), as Whole-time Director of the Company for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025 or till such earlier date as may be determined by any applicable statutes, rules, regulations or guidelines, on the detailed terms, conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting;

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the term of office of Mr. Vijay Kumar Choudhary as the Whole-time Director, the Company will pay to Mr. Choudhary in respect of such financial year(s) in which such inadequacy or loss arises or a period of three years, whichever is lower, the remuneration as set out in the Explanatory Statement as minimum remuneration or such higher limit as may be approved by the Board, subject to the limits as specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to alter and vary the terms and conditions including remuneration of said Mr. Vijay Kumar Choudhary in such manner as may be agreed by the Board and Mr. Vijay Kumar Choudhary, subject to the limits as specified under Section 197 of the Act and Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof;

**RESOLVED FURTHER THAT** the Board of Directors or any committee thereof constituted to exercise its powers (including the powers conferred by this resolution) be and is hereby authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect of this resolution.”

**By Order of the Board of Directors**

Sd/-

**Monika Saraswat**  
Company Secretary  
ACS: 29322

Place: Kolkata  
Date: 21 July 2020

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## Notice (Contd.)

### NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (“the Act”) setting out material facts relating to Special Business to be transacted at the 32<sup>nd</sup> AGM is annexed hereto. The Board of Directors of the Company have decided that the Special Business under Item No. 5-7, being considered unavoidable, be transacted at the 32<sup>nd</sup> AGM of the Company.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular no. 14/2020 dated 8 April 2020, no. 17/2020 dated 13 April 2020, no. 20/2020 dated 05 May 2020 and SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 (collectively referred to as “Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA and SEBI Circulars, the 32<sup>nd</sup> AGM of the Company is being conducted through VC / OAVM facility, which does not require physical presence of the Members at a common venue. The deemed venue for the 32<sup>nd</sup> AGM shall be the Corporate Office of the Company situated at Ruby House, 8 India Exchange Place, 2<sup>nd</sup> Floor, Kolkata – 700 001. Hence Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC / OAVM is annexed herewith in note no. 26.
3. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meeting (SS-2) issued by the ICSI and the Circulars issued by the Ministry of Corporate Affairs dated 8 April 2020, 13 April 2020 and 5 May 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. NSDL will be providing facility for voting through remote e-voting, for participation in the 32<sup>nd</sup> AGM through VC/ OAVM facility and e-Voting during the 32<sup>nd</sup> AGM. The instructions and other information relating to e-voting are given in the notice under note no. 26.
4. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement for the appointment of proxies. Accordingly, the facility to appoint proxies to attend and cast vote for the Members is not available for this AGM. However, in pursuance of Section 113 of the Act, the Body Corporates are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate and cast their votes through e-voting during the 32<sup>nd</sup> AGM of the Company.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting, pursuant to Section 113 of the Act. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [csrajarshi@gmail.com](mailto:csrajarshi@gmail.com) with a copy marked to [monika@himadri.com](mailto:monika@himadri.com).
6. The quorum for the Annual General Meeting, as provided in Section 103 of the Act, is thirty Members (including a duly authorized representative of a body corporate) and the Members present in the meeting through VC/ OAVM shall be counted for the purpose of quorum pursuant to MCA Circular dated 05 May 2020.
7. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, the 22 September 2020 to Monday, the 28 September 2020** (both days inclusive) for the purpose of AGM and payment of dividend, if declared at the meeting.
8. In compliance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the 32<sup>nd</sup> AGM along with the Annual Report of the Company for the financial year ended 31 March 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for the financial year ended 31 March 2020 is also be available on the Company’s website [www.himadri.com](http://www.himadri.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also on the website of NSDL (Agency for providing the Remote e-Voting facility) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



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## Notice (Contd.)

The Company has also issued public notice dated 01 June 2020 urging the shareholders for registration and/or updation of their e-mail id, Permanent Account Number (PAN) and bank mandate with the Company to ensure receipt of Annual Report, dividend and/or any other consideration and other communication timely, faster and easier and more importantly avoids fraudulent encashment of warrants.

9. Members of the Company has approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants, (Firm registration no. 101248W/W-100022) as the Statutory Auditors at the 29<sup>th</sup> Annual General Meeting of the Company held on 22 September 2017 for another term of five years which is valid till 34<sup>th</sup> Annual General Meeting of the Company, subject to the ratification of appointment by Members at every Annual General meeting. In view of the Companies (Amendment) Act, 2017, the ratification of appointment of Statutory Auditors at every AGM has been done away, therefore the necessary resolution seeking consent of the Members for ratification of appointment of statutory auditors has not been placed before the shareholders at this AGM.
10. Members may please note that in view of the proviso to Regulation 40(1) of the SEBI Listing Regulations except in case of transmission or transposition of securities, the request for effecting the transfer of securities shall not be processed unless the securities are held in the DEMAT form with a depository, therefore those Members who are holding shares in physical form will not be able to transfer those shares and they will be able to sell those shares only after their dematerialization with a Depository Participant (DP).
11. The Dividend on shares, if declared, will be paid, in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement(s) furnished by the Depositories as on the close of the market day prior to start of book closure and in respect of shares held in physical form, to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid transmission / transposition request lodged with the Company before the start of date of book closure.
12. Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Registrar & Share Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

- A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to "[skcdivit@gmail.com](mailto:skcdivit@gmail.com)" or "[investors@himadri.com](mailto:investors@himadri.com)". Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
- Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. Self-attested Copy of the Permanent Account Number (PAN Card), if any, allotted by the Indian authorities; Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident; Self-declaration in Form 10F. Self-declaration confirming not having a Permanent Establishment *in India and* eligibility to Tax Treaty benefit by sending an email to "[skcdivit@gmail.com](mailto:skcdivit@gmail.com)" or "[investors@himadri.com](mailto:investors@himadri.com)". TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided.

The details of TDS rate for each category of shareholders and necessary format of declarations is also available at the website of the Company at <https://www.himadri.com/pdf/tds-on-dividend-payment-during-the-financial-year-2020-21.pdf>

### 13. Transfer of unclaimed Dividend and Share to IEPF

Members are hereby informed that pursuant to Section 124(6) of the Act, read with Rule 6(3)(a) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the equity shares of the Company in respect of which dividends remained unclaimed or unpaid for seven consecutive years or more, are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) as established by the Central Government in terms

## Notice (Contd.)

of Section 125(1) of the Act. Members are hereby informed that the dividend for the financial year ended 31 March 2013 declared at the Annual General Meeting held on 23 September 2013, is also due to be transferred to IEPF Authority on **29 October 2020**, after expiry of the period of seven years. The amount of unpaid dividend for the year ended 31 March 2013 and onwards is lying in separate banking accounts for the respective years. Members who have not claimed dividend for the year ended 31 March 2013 and onwards, if any, are being provided an opportunity to claim such dividend by sending a letter under their signature along with one cancelled cheque/Bank details, claiming the amount of unpaid dividend, so as to reach with the Company's Registrar & Share Transfer Agent, **M/s S.K. Infosolutions Pvt. Ltd**, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006 **on or before 28 October 2020**. The details of those Members who have not claimed dividend for consecutive period of seven years or more and the relevant details of shares due to be transferred to the IEPF Authority, is available on Company's website at [www.himadri.com](http://www.himadri.com) under Investor Section. If valid claim is not received from the concerned shareholders within the period as provided herein, the Company shall take necessary steps towards transfer of those shares to the IEPF Authority. The Company has given public notice on **28 July 2020** published in English language "**Financial Express**" and also one in Bengali Newspaper "**Arthik Lipi**", as well as individual notice was given to the concerned Members informing them that their shares are liable to be transferred to IEPF Authority.

The Company during the year ended 31 March 2020 has transferred the amount of unpaid/unclaimed dividend aggregating to ₹ 499,072/- to Investor Education and Protection Fund and 199,319 Equity shares of the face value of ₹ 1/- each to the demat account of Investor Education and Protection Fund for the financial year 2011-12, on which the dividends remained unpaid or unclaimed for seven consecutive years.

The unclaimed dividend and the unclaimed shares, after transferred to IEPF Authority can be claimed back from the IEPF Authority by filing the e-Form IEPF-5. Ms. Monika Saraswat, Company Secretary & Compliance Officer is the Nodal Officer of the Company for the purpose of verification of such claims. It is further clarified that in case any dividend is paid or claimed for any year during said period of seven consecutive years, the shares shall not be transferred to IEPF.

### 14. Bank Mandate for Dividend or Electronic Clearance Services (ECS):

In order to protect the investors from fraudulent encashment of the dividend warrants, the Members holding shares in physical form are requested to intimate the Company under signature of the Sole/ First joint holder, the following details which will be used by the Company for payment of dividend:

- a. Name of Sole / First joint holder and folio no.
- b. Particulars of bank account viz:
  - Name of the bank, branch, and bank code
  - Complete address of the bank with Pin Code
  - Account type, whether Savings or Current
  - Bank account number allotted by the bank
  - MICR (Magnetic Ink Character Recognition)
  - IFSC (Indian Financial System Code),

Shareholders holding shares in physical form are requested to send their NECS Mandate Form in the format available on Company's website [www.himadri.com](http://www.himadri.com), duly filled in to be sent to the Company's Registrar & Share Transfer Agent, **M/s S. K. Infosolutions Pvt. Ltd., 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006, email: [skcdilip@gmail.com](mailto:skcdilip@gmail.com)** and in case equity shares are held in Electronic Form, the NECS Mandate form is required to be sent to the concerned Depository Participants (DPs) directly.

The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank account details furnished by the Depositories for the remittance of Dividend through Electronic Clearing Services (ECS) to investors where the Bank details are available, therefore, Members are requested to give instructions regarding Bank Account in which they wish to receive dividend directly through their Depository Participant (D/P). The Members holding shares in DEMAT mode may send the requisite details to their D/P and in case of physical shareholding, the bank details are to be provided to the Registrar & Share Transfer Agent. Further the SEBI vide circular dated 20 April 2018 has also mandated to obtain account details along with cancelled cheque to update the

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securities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank. The RTA shall then update the bank details in its records after due verification. The unpaid dividend shall be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment, are not available or the electronic payment instructions have failed or have been rejected by the bank, the issuer companies or their RTA may ask the banker to make payment through physical instrument such as banker's cheque or demand draft to such securities holder incorporating their bank account details.

The Company has sent reminders to those shareholders, whose bank details are not available with the Registrar & Share Transfer Agent, requesting them to send the required details to enable the Company for payment of Dividend. The Company before processing the request for payment of Unclaimed / Unpaid Dividend, has been in practice of obtaining necessary particulars of Bank Account of the Payee.

15. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent.
16. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website, [www.himadri.com](http://www.himadri.com) Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to the Registrar and Share Transfer Agent in case the shares are held in physical form.
17. Members are requested to intimate about change in their name, postal address, email address, telephone/ mobile numbers, Permanent Account

Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to the Company's Registrar and Share Transfer Agent, **M/s S K Infosolutions Pvt. Ltd., 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006** through email at [skcdilip@gmail.com](mailto:skcdilip@gmail.com) in case the shares are held in physical form and to the Depository Participant (D/P) in case of shares held in electronic form.

18. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, **M/s S. K. Infosolutions Pvt. Ltd., 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006, email: [skcdilip@gmail.com](mailto:skcdilip@gmail.com)**, immediately of :
  - (a) Change in their residential status on return to India for permanent settlement.
  - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
19. The Board has appointed Mr. Rajarshi Ghosh, Practising Company Secretary (ACS 17717), as the scrutinizer to scrutinize the e-voting process.
20. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.himadri.com](http://www.himadri.com) immediately after declaration. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
21. The scanned copies of the relevant documents referred to in the accompanying notice/ explanatory statement will be made available at [www.himadri.com](http://www.himadri.com) for inspection by the Members at the AGM, up to the date of this AGM.

During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act, the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Memorandum and Articles of Association of the Company shall be available for inspection upon login to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

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22. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ Depositories for receiving all communications including Annual Reports, Notices, Circulars etc. from the Company electronically.
23. Ms. Monika Saraswat, Company Secretary and Compliance Officer of the Company shall be responsible for addressing all the grievances in relation to this AGM including e-voting. The Members may contact at the following address:
- Name: Ms. Monika Saraswat  
Designation: Company Secretary and Compliance Officer  
Corporate office: 8, India Exchange Place, 2<sup>nd</sup> Floor, Kolkata-700001  
Email id: [monika@himadri.com](mailto:monika@himadri.com);  
Phone No.: 033-2230 9953
24. Disclosure pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) with respect to Directors seeking appointment / re-appointment at ensuing AGM is given in the annexure to this Notice.
25. Since the AGM will be held through VC / OAVM facility, the Attendance slip and Route Map are not annexed to this Notice.
26. **Conduct of AGM through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility.**
- A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
- i. The Members are requested to join the 32<sup>nd</sup> Annual General Meeting (AGM) through VC/OAVM mode within 15 minutes of the scheduled time of the commencement of the Meeting i.e 11:00 a.m. (IST) by clicking on the link <https://www.evoting.nsdl.com> under Members login, where the EVEN of the Company will be displayed, by using the Remote e-Voting credentials and the same shall be kept open throughout the meeting and are also requested to follow the procedure mentioned in these notes.
  - ii. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis.
  - iii. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13 2020, the Notice calling the 32<sup>nd</sup> AGM has been uploaded on the website of the Company at [www.himadri.com](http://www.himadri.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - iv. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.
  - v. Members who would like to express their views or ask questions during the 32<sup>nd</sup> AGM of the Company will be required to register themselves as a speaker by sending e-mail to the Company Secretary & Compliance Officer at [himadriagm2020@himadri.com](mailto:himadriagm2020@himadri.com) from their registered e-mail address mentioning their name, DP ID and Client ID number/folio number, email id, mobile number. Only those Members who have registered themselves as speaker by 4 p.m. (IST) on Friday, 25 September 2020 will be able to speak at the meeting.  
Further, Members who would like to have their questions/queries responded to during the AGM are requested to send such questions/queries in advance within the aforesaid date and time, by following the similar process as stated above.
  - vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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## Notice (Contd.)

- vii. When a pre-registered speaker is invited to speak at the meeting, but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed. Please note that Members connecting from mobile devices or tablets or through laptops etc connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- viii. Members desiring any information regarding the Financial Statements of the Company to be placed at the AGM are requested to write to the Company through email on [himadriagm2020@himadri.com](mailto:himadriagm2020@himadri.com) in latest by 4 p.m. (IST) on Friday, 25 September 2020 so as to enable the management to keep the information readily available at the meeting.
- ix. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
- x. During the AGM of the Company, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM facility to vote on the Resolutions as set out in the Notice of the 32<sup>nd</sup> AGM of the Company and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast their votes, the e-Voting will be closed with the formal announcement of the closure of the 32<sup>nd</sup> AGM of the Company.
- xi. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 32<sup>nd</sup> AGM of the Company through VC/OAVM Facility.
- xii. Members who need assistance before or during the AGM with use of technology, can:
  - Send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or use Toll free no.: 1800-222-990;

### B. INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER: -

- i. The e-voting period shall begin at **09:00 a.m. on 24 September 2020 and ends at 5.00 p.m. on 27 September 2020**. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **21 September 2020**, may cast their vote electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. The remote e-voting module shall be disabled by NSDL for voting thereafter and the facility shall forthwith be blocked.
- ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date i.e. 21 September 2020**. Members are eligible to cast vote electronically only if they are holding shares either in physical form or demat form as on that date. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **21 September 2020**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

### 1. HOW DO I VOTE ELECTRONICALLY USING NSDL E-VOTING SYSTEM?

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**



## Notice (Contd.)

### Details on Step 1 is mentioned below:

#### How to Log-in to NSDL e-Voting website?

- i. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
- ii. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
- iv. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- v. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the

system will force you to change your password.

- c) How to retrieve your ‘initial password’?
  - (i) If your email-ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email-ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - (ii) If your email-ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

- vi. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- vii. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- viii. Now, you will have to click on “Login” button.
- ix. After you click on the “Login” button, Home page of e-Voting will open.

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## Notice (Contd.)

### Details on Step 2 is given below:

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

### **2. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF EMAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [skcdilip@gmail.com](mailto:skcdilip@gmail.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [skcdilip@gmail.com](mailto:skcdilip@gmail.com)

3. Alternatively Member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

### **C. INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER: -**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### **General Guidelines for shareholders:**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

## Notice (Contd.)

### EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

#### Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee has considered and approved the appointment of Mr. Sambhu Banerjee, Cost Accountant, (Membership No.9780) as the Cost Auditor of the Company to audit the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2020-2021 at a remuneration of ₹ 40,000/- (Rupees Forty Thousand only) per annum plus GST as applicable and reimbursement of actual travel and out of pocket expenses.

Pursuant to Section 148(3) of the Act, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on recommendation of the Audit Committee, is required to be ratified by the Members. The Resolution mentioned herein above in the Notice is therefore set out as an Ordinary Resolution for approval and ratification by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution as set at Item no. 5.

The Board recommends this Resolution for your approval.

#### Item No. 6

Whereas, the Board at its' meeting held on 13 February 2020 and upon recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Shyam Sundar Choudhary as the Whole-time Director of the Company for a period of 5 (Five) years with effect from 1 April 2020, subject to the approval of shareholders.

Mr. Shyam Sundar Choudhary was appointed as Whole-time Director by the shareholders for a period of five years at its meeting held on 22 September 2015 and the present term has expired on 31 March 2020.

Mr. Shyam Sundar Choudhary aged about 73 years has about 45 years of experience in the area of business of the Company. He has been associated with the Company since incorporation and since then the Company has been taking the advantage of his guidance and supervision. Mr. Choudhary's association with the Company as Whole-time Director would be beneficial to the Company and his continued support is required for further growth and development of the business of the Company. Under his supervision,

there has been multifold capacity expansion across all businesses.

The Board based on the recommendation of the Nomination & Remuneration Committee has approved to re-appoint Mr. Choudhary, who is more than seventy years of age as Whole-time Director of the Company. The Board of your Company believe that his expertise and knowledge will help the Company in long run and will add value to the organization.

The terms and conditions for appointment as Whole-time Director are enumerated hereunder:

#### 1. Period of appointment

The appointment will be for a period of 5 (Five) years with effect from 1 April 2020 upto 31 March 2025;

#### 2. Remuneration

In terms of Schedule V to the Act, read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting the Whole-time Director shall be paid the following remuneration.

i) Salary  
₹ 20,000,000/- per annum. (Rupees Two Crores per annum)

ii) Perquisites:

In addition to above, the Whole-time Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.

a) Housing

i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above shall be payable by the Whole-time Director.

Or

ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or

iii) In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance

## Notice (Contd.)

- subject to the ceiling as specified above.
- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall, be however, subject to a ceiling of ten percent of the salary.
  - c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
  - d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
  - e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.
  - f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.
  - g) Contribution to Provident Fund and Superannuation Fund or NPS or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.
  - i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Whole-time Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum

remuneration as prescribed under Section II of Part II of Schedule V of the Act.

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act, read with Schedule V to the said Act, as may be amended from time to time, read with Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

### **Justification of appointment Mr. Shyam Sundar Choudhary after the age of 70 years**

Keeping in the view that Mr. Shyam Sundar Choudhary has rich and varied experience in the industry and has been involved in the operations of the Company since incorporation, it would be in the interest of the Company to continue his term as a Whole-time Director, accordingly approval of Members are being sought for passing Special Resolution for reappointment of Mr. Choudhary as a Whole-time Director for a further period of five years.

After getting approval of Members, the Company will enter into an agreement with the Director. The draft Agreement to be entered into by the Company with Director will remain open for inspection by Members at the website of the Company i.e., [www.himadri.com](http://www.himadri.com) until the date of the ensuing Annual General Meeting.

None of the other Directors and KMP except, Mr. Vijay Kumar Choudhary, Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary, Mr. Amit Choudhary and the appointee himself and their relatives are concerned or interested, financial or otherwise, in the aforesaid resolution.

The Board recommends this Special Resolution for your approval.

### **Item No. 7**

Whereas, the Board at its' meeting held on 13 February 2020 and upon recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Vijay Kumar Choudhary as the Whole-time Director of the Company for a period of 5 (Five) years with effect from 1 April 2020, subject to the approval of shareholders.

Mr. Choudhary was appointed as Whole-time Director by the shareholders for a period of three years at its meeting held on 22 September 2017 and the present term has expired on 31 March 2020.

Mr. Vijay Kumar Choudhary aged about 64 years has been associated with the Company since incorporation and having vast experience of the

## Notice (Contd.)

business of the Company. Mr. Choudhary's association with the Company as Whole-time Director would be beneficial to the Company and his continued support is required for further growth and development of the business of the Company. Under his supervision, there has been multifold capacity expansion across all businesses.

The Board based on the recommendation of the Nomination & Remuneration Committee has approved to re-appoint him as the Whole-time Director of the Company. The Board of your Company believes that his expertise and knowledge will help the Company in long run and will add value to the organization.

An agreement with Mr. Choudhary will be entered to record the terms of appointment, after getting the approval of the shareholders.

The terms and conditions for appointment as Whole-time Director are enumerated hereunder:

### 1. Period of appointment

The appointment will be for a period of 5 (Five) years with effect from 1 April 2020 upto 31 March 2025;

### 2. Remuneration

In terms of Schedule V to the Act, read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting the Whole-time Director shall be paid the following remuneration.

- i) Salary  
₹ 20,000,000/- per annum. (Rupees Two Crores per annum)
- ii) Perquisites:  
In addition to above, the Whole-time Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.
  - a) Housing
    - i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above shall be payable by the Whole-time Director.

Or
    - ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or
    - iii) In case no accommodation is provided by the Company, the Whole-time

Director shall be entitled to house rent allowance subject to the ceiling as specified above.

- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall, be however, subject to a ceiling of ten percent of the salary.
- c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
- d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.
- f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.
- g) Contribution to Provident Fund and Superannuation Fund or NPS or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and Rules there under.
- h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.
- i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Whole-time Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule V of the Act.



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## Notice (Contd.)

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act, read with Schedule V to the said Act, as may be amended from time to time, read with Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

After getting approval of Members, the Company will enter into an agreement with the Director. The draft Agreement to be entered into by the

Company with Director will remain open for inspection by Members at the website of the Company i.e., [www.himadri.com](http://www.himadri.com) until the date of the ensuing Annual General Meeting.

None, of the directors and Key Managerial Personnel of the Company or their relatives except Mr. Shyam Sundar Choudhary, Mr. Bankey Lal Choudhary, the appointee himself and their relatives are concerned or interested, financial or otherwise, in the aforesaid resolution.

The Board recommends this Special Resolution for your approval.

**By Order of the Board of Directors**

Sd/-

**Monika Saraswat**  
**Company Secretary**  
**ACS: 29322**

**Place: Kolkata**  
**Date: 21 July 2020**

## Notice (Contd.)

# ANNEXURE TO THE NOTICE

### DISCLOSURE PURSUANT TO REGULATION 36(3) OF SEBI (LODR) REGULATIONS, 2015 AND CLAUSE 1.2.5 OF SECRETARIAL STANDARDS ON GENERAL MEETING (SS-2) WITH RESPECT TO DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT ENSUING AGM

	(1)	(2)	(3)
Name of Director	Mr. Bankey Lal Choudhary	Mr. Shyam Sundar Choudhary	Mr. Vijay Kumar Choudhary
DIN	00173792	00173732	00173858
Date of Birth / Age	06.05.1953 (67 Years)	14.10.1947 (73 years)	15.05.1956 (64 Years)
Date of first appointment on the Board	28.07.1987	28.07.1987	28.07.1987
Qualifications	B. Com	B. Com	B. Com
Experience (approx.)	43 Years	45 years	40 Years
Nature of Expertise and Brief resume.	An Industrialist with experience of more than 43 years in area of chemicals business. He has been associated with Company as promoter director since its incorporation.	An industrialist with experience of more than 45 years in the area of chemical business. He has been associated with the Company as a promoter director since its incorporation.	An Industrialist with experience of more than 40 years in area of chemicals business. He has been associated with Company as promoter director since its incorporation.
Terms and conditions of appointment or re-appointment	In terms of Section 152(6) of the Act, Sri Bankey Lal Choudhary who was appointed as Executive Chairman for a period of five years at the AGM held on 25 September 2019, is liable to retire by rotation.	Proposed to be re-appointed as Whole-time director for a further period of Five (5) years and is liable to retire by rotation.	Proposed to be re-appointed as a Whole-time director for a further period of Five (5) years and is liable to retire by rotation.
Details of remuneration sought to be paid	₹ 2.00 crore annually plus perquisites	As stated in explanatory statement	As stated in explanatory statement
Remuneration last drawn	₹ 2.00 crore annually plus perquisites	₹ 2.00 crore annually plus perquisites	₹ 2.00 crore annually plus perquisites
Number of Board Meetings attended during the financial year 2019-2020	5/5	4/5	4/5
Relationship with other Directors & KMP	Mr. Vijay Kumar Choudhary - Brother Mr. Shyam Sundar Choudhary - Brother Mr. Tushar Choudhary - Son	Mr. Bankey Lal Choudhary - Brother Mr. Vijay Kumar Choudhary - Brother Mr. Anurag Choudhary - Son Mr. Amit Choudhary - Son	Mr. Bankey Lal Choudhary - Brother Mr. Shyam Sundar Choudhary - Brother
No. of shares held (₹ 1/- each)	1,484,280 (0.35%)	3,234,280 (0.77%)	3,266,640 (0.78%)

## Notice (Contd.)

	(1)	(2)	(3)
<b>Name of Director</b>	<b>Mr. Bankey Lal Choudhary</b>	<b>Mr. Shyam Sundar Choudhary</b>	<b>Mr. Vijay Kumar Choudhary</b>
Directorship in other Companies	Sri Agro Himghar Limited; Himadri Power Limited; Motovolt Mobility Private Limited, Himadri Credit & Finance Limited	Himadri Power Limited, Sri Agro Himghar Limited, Tuaman Engineering Limited, Liberty Projects Private Limited, Canvas Realtors Private Limited, Floret Developers Private Limited, Satadru Developers Private Limited, Ninestar Realty Private Limited, Bluebell Infracon Private Limited	Sri Agro Himghar Limited; Himadri Power Limited; Suraksha Nirman Private Limited; Dreamway Developers Private Limited; Sukhisansar Developers Private Limited; Dripti Projects Private Limited, Motovolt Mobility Private Limited
Chairman/ Member of the committee of Board of other Companies	Member of Audit Committee: • Himadri Credit & Finance Limited	NIL	NIL

### STATEMENT PURSUANT TO PROVISIONS OF SCHEDULE V OF THE COMPANIES ACT, 2013 WITH RESPECT TO ITEM NO. 6 & 7 OF THE NOTICE.

#### I. General Information

##### i. Nature of industry

Speciality chemicals, Carbon black

##### ii. Date or expected date of commencement of commercial production

The Company was incorporated in 1987 and has already commenced commercial production since long.

##### iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable

##### iv. Financial performance based on given indicators:

For the Financial Year	₹ in Lakhs		
	2019-20	2018-19	2017-18
Revenues	180,349.85	237,661.90	202,152.30
Net Profit/ (Loss) before Tax	6,976.24	44,929.44	35,592.50
Net Profit/ (Loss) after Tax	8,097.65	31,139.20	24,257.46
Dividend %	15%	15%	10%

##### v. Foreign investments or collaborations if any

BC India Investments.

## Notice (Contd.)

### II. Information about the Appointee

Sl. No.	Particulars	Mr. Shyam Sundar Choudhary	Mr. Vijay Kumar Choudhary
1	Background details	<p>He is an Executive Director (Promoter) of the Company since its incorporation. He is a commerce graduate.</p> <p>An industrialist with experience of more than 45 years in the area of chemical business. Mr. Choudhary is a first-generation co-founder and currently part of the Board.</p>	<p>He is an Executive Director (Promoter) of the Company since its incorporation. He is a commerce graduate.</p> <p>An industrialist with experience of more than 40 years in the area of chemical business. Mr. Choudhary is a first-generation co-founder and currently part of the Board.</p>
2	Past remuneration	₹ 2.00 crore annually plus perquisites	₹ 2.00 crore annually plus perquisites
3	Recognition or awards	None	None
4	Job profile and his suitability	Please see (1) above	Please see (1) above
5	Remuneration proposed	The remuneration proposed, is as set out in the Notice.	The remuneration proposed, is as set out in the Notice.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed to Mr. Shyam Sundar Choudhary, is reasonably in line with the remuneration in similar sized companies in the same segment of business.	The remuneration proposed to Mr. Vijay Kumar Choudhary, is reasonably in line with the remuneration in similar sized companies in the same segment of business.
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	<p>Mr. Shyam Sundar Choudhary holds 3,234,280 equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Shyam Sundar Choudhary does not have any other pecuniary relationship with the Company.</p> <p><b>Relationship with other Directors &amp; KMP:</b></p> <p>Mr. Bankey Lal Choudhary, Executive Chairman - Brother</p> <p>Mr. Vijay Kumar Choudhary, Whole-time Director - Brother</p> <p>Mr. Anurag Choudhary, Managing Director &amp; CEO - Son</p> <p>Mr. Amit Choudhary, Whole-time Director - Son</p>	<p>Mr. Vijay Kumar Choudhary holds 3,266,640 equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Vijay Kumar Choudhary does not have any other pecuniary relationship with the Company.</p> <p><b>Relationship with other Directors &amp; KMP:</b></p> <p>Mr. Bankey Lal Choudhary, Executive Chairman - Brother</p> <p>Mr. Shyam Sundar Choudhary, Whole-time Director - Brother</p>

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## Notice (Contd.)

### III. Other Information

**i. Reasons of loss or inadequate profits:**

The related information will be provided in the Board's Report prepared for the relevant year in which inadequate profit/loss arises.

**ii. Steps taken during the year for improvement:**

The Company has actively taken strategic and operational measures to improve the performance of the Company. The Company has streamlined various processes which has improved the efficiency of the operations. Along with these and other measures taken by the Company and with improvement in business sentiments, the Company is confident of improving its performance and profitability in the coming years.

**iii. Expected increase in productivity and profits in measurable terms:**

The Company has taken various initiatives to improve market share and financial performance. The Company expects a better performance in all measurable parameters in the coming years in view of the various measures taken by the Company to improve its performance.

### IV. Disclosures

The required disclosures pursuant to Schedule V to the Act are given in the Explanatory Statement hereinbefore and in the Corporate Governance Report which is annexed to the Board's Report.

**By Order of the Board of Directors**

Sd/-

**Monika Saraswat**  
**Company Secretary**  
**ACS: 29322**

**Place: Kolkata**  
**Date: 21 July 2020**





# OPTIMISM

Himadri Speciality Chemical Ltd

Annual Report **2019-20**

# ACROSS THE PAGES

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Disclaimer: This document contains statements about expected future events and financials of Himadri Speciality Chemical Ltd, 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.



Please find our online version at:  
[www.himadri.com/performance](http://www.himadri.com/performance)

Or simply scan to download

### Investor information

CIN:	L27106WB1987PLC042756
BSE Code:	500184
NSE Symbol:	HSCL
Bloomberg Code:	HCI IN
Dividend Declared:	15%



## WHAT IS OPTIMISM?

The rainbow at the end of the rain.

The light at the end of the darkness.

The calm at the end of a storm.

The opportunity at the end of a challenge.

More than everything else, optimism is the progress at the end of courage.

The world is changing, and it is changing fast. Humans across the globe are busy grappling with the current crisis with no traces of end in near sight. But when you choose optimism, new perspective becomes the fruit of hope.

We, at Himadri, are adapting to 'The New Normal'. There is a new level of positivity instilled in us, backed by our responsive and insightful thinking and ability to envision. We are confident about our new age speciality chemicals to find application in end products tomorrow. We are set to witness a renewed future with a new era of optimism.





# A LEADING CARBON CORPORATION

## Vertically-Integrated Company

Himadri Speciality Chemical Ltd ('Himadri' or 'The Company' or 'We') was established in 1990. Today, our Company is a market leader and a significant player in multiple product segments like:

Coal Tar Pitch

Carbon Black

Naphthalene and Refined Naphthalene

Sulphonated Naphthalene Formaldehyde (SNF)

Poly Carboxylate Ether (PCE)

Speciality Oils, among others



As India's leading Speciality Chemical conglomerate, Himadri is a renowned name with a strong and proven track record. Solely used in performance-critical applications, these products serve key global sectors of steel, aluminium, automotive, plastics and infrastructure development.

## In the last few years, to get the best out of future we have:

- **Diversified** product portfolio by way of forward integration
- **Included** Speciality Carbon Black, Advance Carbon Material, and other value-added speciality products
- **Manufactured** speciality chemicals at 'Zero Discharge' world-class facilities across India and China
- **Leveraged** technical prowess to build a strong product portfolio
- **Focused** on R&D and innovation to reinvent products
- **Evolved** as world's one of the leading Carbon Corporation
- **Commissioned** and expanded Speciality Carbon Black facility
- **Expanding** the Advance Carbon Material capacity

To cater tomorrow's needs efficiently, we have developed a strong and experienced R&D team. Demonstrating a substantial emphasis on technological innovation and research, our R&D unit is recognised by the Government of India and includes international experts.

## MISSION

- To be a Company that constantly innovates new products and technologies in the field of Carbon
- To have an unrelenting customer focus while being customers' clear choice
- Be a Company that attracts and develops individuals to build a proud Himadrian team
- Stay committed to a sustainable future and to improve the social, economic, and environmental well-being of communities in the region of our operations

## VISION

Himadri harbours a vision to become a global leader in Speciality Carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovations, and customer satisfaction.

## VALUES

### Integrity

We shall be thoroughly professional in all our activities with absolute honesty and will never compromise on our principles in any way.

### Excellence

We will always strive to achieve the best level of performance in whatever we do and continuously improve ourselves to reach that level.

### Safety

The safety of our stakeholders - employees, suppliers, buyers, and society, is of utmost importance to us and we will never settle for any practice which puts it in danger.

### Sustainability

We will carry out all our business activities to positively contribute to the creation of a better tomorrow for our future generations.





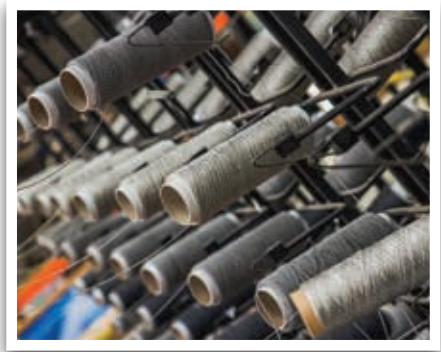
# DELIVERING VALUE TO A SPECTRUM OF APPLICATIONS



**COAL TAR PITCH**



**CARBON BLACK**



**SPECIALITY CARBON BLACK**

## IN INDUSTRIES



Our chemicals find application in a multitude of products across sectors. We offer a series of high-quality products that help industries and people in daily lives.



**ADVANCE CARBON MATERIAL**



**NAPHTHALENE**



**SULPHONATED NAPHTHALENE  
FORMALDEHYDE**

## IN DAILY LIVES

Ink for newspapers and other printable material

Lithium-ion batteries in mobile phones

Aluminium products

Wires & Cables

Tyres in automobiles

Paints & Coatings

Fibre

Lithium-ion batteries in Electric Vehicles

Plastics

Textiles





Optimism is about prospects and being prepared for the same prospects. It is a sense of assurance for rising above the present. It is the commitment of opportunities with a confidence of moving ahead.

We are optimistic about our future because we are prepared.

With the right mix of technical and production capabilities and a well-diversified product portfolio, we are optimistic about our steps taken towards harnessing future opportunities with right strategies.

Our varied product portfolio, including products that find application in various end-user industries, played a vital role in keeping our manufacturing process uninterrupted even amidst the current unsettling times. This was further supported by our strong control over supply chain which helped keep our deliveries unaltered.

These factors bolstered our determination, reinstating our confidence in future and preparedness.



### COAL TAR PITCH

**What:** Coal Tar Pitch (CTP) is critical material used as a binder for manufacturing aluminium anode and graphite electrode. It helps increasing strength, density, and electrical conductance, which results in more durable and superior grades of electrodes.

**Where:** Aluminium and Graphite Electrode

[Read more](#)

[Pg 8](#)

### CARBON BLACK

**What:** Carbon Black for rubber is vital for enhancing the strength of tyres and other rubber products. It enables the long-term performance of rubber in tyres, hoses, weather stripping and other key end uses.

**Where:** Tyre and Rubber industry

[Read more](#)

[Pg 10](#)

### SPECIALITY CARBON BLACK

**What:** Speciality Carbon Black is high performing ingredient with a range of plastics applications such as food packaging, synthetic fibre, wire & cable, and many more. It is also used to enhance inks, paints, and coatings.

**Where:** Packaging, Agriculture, Infrastructure, Textiles, Coatings, and Inks

[Read more](#)

[Pg 12](#)

### ADVANCE CARBON MATERIAL

**What:** Advance Carbon Material is a high-quality anode material used for Lithium-ion batteries which power Electric Vehicles (EVs), consumer devices like smartphones, and energy storage devices.

**Where:** Electronics and Electric Vehicle

[Read more](#)

[Pg 16](#)

### NAPHTHALENE

**What:** Naphthalene is an aromatic hydrocarbon found in Coal Tar. The super refined grade of Naphthalene is used in dyes and intermediates and moth balls application.

**Where:** Textile, Dyes, and Intermediates, SNF, moth balls

[Read more](#)

[Pg 18](#)

### SULPHONATED NAPHTHALENE FORMALDEHYDE

**What:** Sulphonated Naphthalene Formaldehyde is a derivative of Naphthalene and finds its applications in concrete, agro, rubber and gypsum board manufacturing. It improves workability and increases compressive strength in concrete.

**Where:** Construction and Infrastructure

[Read more](#)

[Pg 20](#)

# COAL TAR PITCH

Optimism is a consistent commitment

Our commitments are promises that chart our journey ahead. They drive us towards delivering what we promise and keep us motivated to perform better each time.

Himadri is the largest Indian Coal Tar Pitch manufacturer with supplies to major global and Indian aluminium and graphite manufacturers. We have developed and supply a special grade of Coal Tar Pitch to DRDO.

## THE HIMADRI EDGE

- Pioneer in Zero QI pitch manufacturing in India
- Strict quality adherence procedures for tailor-made pitch
- One of the leading global manufacturers of Coal Tar Pitch
- Strict DCS-controlled production conditions ensuring consistent high quality
- Zero Discharge sustainable plants in a sensitive industry, making Himadri ready for the future

**End-User Industry:** Aluminium and Graphite Electrode

## Growth Drivers

- Growing demand for alternative metals to steel
- Need for light and durable metal in automobile industry
- Rise in Government's infrastructure projects
- Rise in housing and construction
- Growth in transport segment
- High investment in renewable energies
- Rise in adoption of electric arc furnace
- Rise in steel recycling



**FOR PRODUCING EVERY 1,000 KG OF ALUMINIUM, THE INDUSTRY DEMANDS 100 KG OF CTP.**

**SIMILARLY, TO PRODUCE 1,000 KG OF GRAPHITE, 440 KG OF CTP IS DEMANDED.**



**500,000**

MTPA

**COAL TAR DISTILLATION  
CAPACITY**

## COVID-19 IMPACT

The nationwide lockdown, enforced to fight Coronavirus, resulted in a drop in production levels. The graphite electrode's production plunged due to a dive in the steel production and global market conditions. However,

aluminium manufacturing being a continuous process, its demand remained largely inelastic. The domestic demand from transportation, construction, and electrical industries experienced a fall, resulting in a lower aluminium demand and higher exports during the same period. This

underpins our optimism about future sustainability, backed by the fact that even under such unpredictable times, the demand for the Company's products remained strong due to its nature.



# CARBON BLACK

Optimism is a turning point that leads to hope

We believe crossroads are avenues of hope that lead to brighter future, leading to more options. When hope is combined with innovation, what you get is an extraordinary zeal to excel.

Innovation is at the core of Himadri, and surpassing our own benchmarks is what we aim for. To meet the increasing end-user needs for performance in tyres and rubber products, Himadri is upgrading its Carbon Black to enable customers meet these more demanding requirements. In the Carbon Black space, Himadri enjoys a rich position in manufacturing high quality Carbon Black as it benefits from its access to superior, consistent, and customised raw material feed from its in-house distillation unit.

## THE HIMADRI EDGE

- Technology and R&D focus
- High-quality product portfolio
- In-house distilled feedstock
- Strong customer base
- Global presence
- Application-specific solution provider

**End-User Industry:** Tyre & Rubber Industry (e.g: hoses, stripping, and belts, among others).

## Growth Drivers

- Growing demand for automobiles
- Increase in miles driven
- Tyre export potential from India
- Strong growth in both original equipment (OE) and replacement segments
- Pickup in infrastructure activities
- Rising competitiveness of Indian tyre makers, both in terms of quality and pricing in overseas market





**120,000**  
MTPA  
**CAPACITY**

### COVID-19 IMPACT

The tyre industry, which is directly linked with automobile sector, was severely impacted. The temporary shutdown paused production activities across facilities. On the other side, demand for automobiles plummeted to zero levels. Both

these resulted in production cuts and rising inventory levels. Replacement demand showed greater resilience globally with people preferring personal vehicles.

Going ahead, the demand for automobiles is expected to pick up due to the following reasons:

- Better than normal monsoons driving demand for tractors and 2-Wheelers
- Changing preference from shared mobility to personal mobility due to rising concerns of maintaining hygiene and social distancing
- Avoiding local commuting in public transport and switching to private vehicles



# SPECIALITY CARBON BLACK

Optimism is the foundation of progress

We believe in constant innovation and our all efforts are redirected towards achieving high level quality with unmatched performance satisfaction.

With the growth in end-use applications, both in terms of demand and expanding requirements, we endeavour to support this growth through investment in innovative and quality-focused Speciality Carbon Black. Indigenously developed at our R&D centres, we are successfully launching and market an expanded Speciality Carbon Black range. These high performing products serve a range of plastic applications such as food packaging, automotive parts, pressure pipes, wire & cable, synthetic, fiber coatings, and inks, among others.

## THE HIMADRI EDGE

- Technology and R&D focus
- High-quality product portfolio
- In-house distilled feedstock
- Strong customer base

**End-User Industry:** Packaging, Agriculture, Infrastructure, Textiles, Coatings, and Inks

## Growth Drivers

- Growing demand for automobiles
- Rising need for better hygienic packaging
- Increasing usage of plastics across lifespan
- Indigenous availability of quality grades
- Strong export potential





**60,000**

MTPA

CAPACITY

## COVID-19 IMPACT

The halt in manufacturing and economic activities across the nation also impacted markets across plastics, paints & coatings, fibre, wires & cables and inks. The demand for inks which receive demand from newspaper printing and packaging industry, saw a steep fall in demand. The demand for paints & coatings also dropped as industries across automobile

manufacturing were temporarily closed. Also, due to lockdown, rising hygiene awareness and social distancing norms, demand for paints from households and construction sites slipped.

The demand for plastics, paints & coatings, inks, and fibre did see a dip due to overall production cut, but it is likely to restore to normal levels as lockdown lifts. The long term demand due to

lightweighting of cars, increasing requirements in food production and delivery (including safety), and infrastructure investment, will remain strong. Also, the low per capita plastic penetration in India, increased usage of plastic as an alternative to metal will drive demand for Speciality Carbon Black in India. Thereby, positioning Himadri in a better place to benefit from all directions.

# RECENT BRAND LAUNCHES

## **JETEX SPECIALITY CARBON BLACK**

Clean Carbon Black delivering reliable color and UV performance across applications while meeting the necessary regulatory requirements around pipe, food contact, and other key applications

## **VIRTEX SPECIALITY CARBON BLACK**

Premium Carbon Black for ultra-high performance tyres, offering range of reinforcement solutions to optimise performance for specific formulations

## **ONYX SPECIALITY CARBON BLACK**

Premium Carbon Black enabling customers to meet the strict performance requirements for highly-demanding applications where color is critical without affecting the underlying properties of the polymer

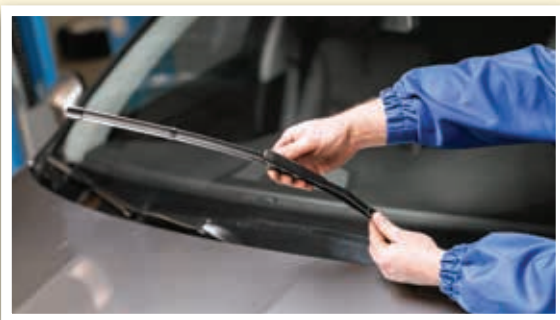
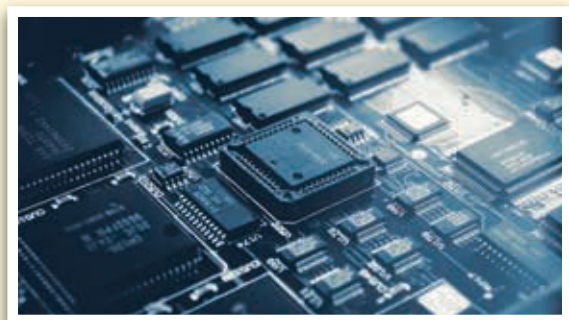
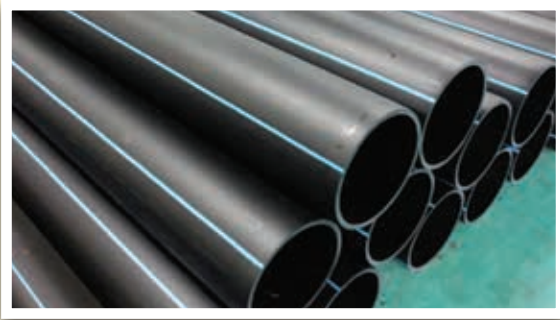
## **ELECTRA SPECIALITY CARBON BLACK**

Conductive Carbon Black with low sulphur, ionics, and physical grit-enabling long-term performance by protecting the underlying product from damage from sudden electrostatic discharge

## **KLAREX SPECIALITY CARBON BLACK**

Clean Carbon Black with very low grit, excellent cleanliness and high pellet quality provides better dispersion, low defects, fast extrusion rate, higher dimensional stability, high processability and lower surface imperfections





# ADVANCE CARBON MATERIAL

Optimism is believing in prospects

We believe in evolving ourselves with the changing trends. It gives our Company an edge while reinforcing prospects. Our transformational journey towards high-value products from Coal Tar to Advance Carbon Material is the evidence of this belief.

Himadri manufactures high-quality Advance Carbon Material used for Lithium-ion battery. We are the pioneers and only Indian producers to commercially produce the Lithium-ion battery advance carbon material in India. We can produce both, natural and synthetic variants of Graphite.

## THE HIMADRI EDGE

- Custom manufacturing technology
- High-capacity and high-power material
- Tailor-made material to give high electrode density
- Integrated back-end

**End-User Industry:** Electronics and Electric Vehicle

## Growth Drivers

- Rising sale of Electric Vehicles
- Rising sale of electronic gadgets
- Huge export opportunities







**ONLY PRODUCER**

**OF ADVANCE CARBON  
MATERIAL IN INDIA**

**FORWARD INTEGRATION**

**FROM COAL TAR TO ADVANCE CARBON MATERIAL**

## **COVID-19 IMPACT**

The Covid-19 shutdown impacted our production facilities. The global lockdown led to a temporary shutdown of manufacturing and other allied industries. This led to disruption across Electric Vehicle and electronic gadgets manufacturing industries where Lithium-ion batteries are widely used. On

the other side, low discretionary spending led to contracting demand for EVs and gadgets. With the growing awareness and concern about personal hygiene and social distancing, the demand for personal vehicles is set to experience a major boost. The demand for vehicles is witnessing a change in trend from convention fossil fuel-based

vehicles to EVs, owing to rising climatic concerns and limited/depleting fuels. This will help Himadri leverage its capabilities in Advance Carbon Material to cater and meet the rise in demand for EVs.



# NAPHTHALENE

Optimism is a journey beyond destination

We believe long-term goals are the prime driving factors behind every business. While the aspiration of reaching the destination adds compassion to the journey, the interest in discovering what lies beyond is what thrives and turns goals into realities.

Himadri utilises a state-of-the-art technology to produce Naphthalene. Stringent monitoring by our highly-skilled and experienced team makes it possible to achieve the target quality consistently.

## THE HIMADRI EDGE

- State-of-the-art technology used for production
- Stringent adherence to quality
- Refined quality is super white in colour

**End-User Industry:** Textile, Dyes, and Intermediates, SNF, Moth balls

## Growth Drivers

- Strong demand from the textile, leather, dye and inks industries
- Growth of construction and infrastructure





## COVID-19 IMPACT

Naphthalene, which derives its demand from the textile and dye market, observed a sharp slowdown in demand due to overall shut down of end-user industries. With the industry largely based in Gujarat, where Covid-19 had a higher count, its impact was felt industry-wide. The increasing application in the

textile industry and construction sector is likely to boost the demand for Naphthalene.

One of the major applications of Naphthalene is in the preparation of Naphthalene Sulfonates which have a variety of applications, owing to their wetting and dispersing properties.

The demand for textiles, being a necessity for basic livelihood, and the demand for SNF in

construction sector will grow with the rising population, per capita income, discretionary spending and changing consumer tastes and preferences.

Apart from the above, the emergence of India as a global textile leader and infrastructure boost by the Government of India will support growth for Naphthalene.

# SULPHONATED NAPHTHALENE FORMALDEHYDE (SNF)

Optimism is the belief that every challenge leads you somewhere

An optimistic approach is the motivation that comes from working on things we value. It allows our ideas to evolve while working towards our desired goals. It helps us getting closer to our goals, while navigating different routes with flexibility.

SNF is manufactured at our Mahistikry Plant in West Bengal and Vapi Plant in Gujarat. Using state-of-the-art production system, SNF is manufactured under the guidance of our highly-experienced technical team. Our products are highly effective in water reducing and dispersing, acting as a superplasticiser for concrete in construction.

## THE HIMADRI EDGE

- State-of-the-art production system
- Largest SNF manufacturer in India
- Used in concrete, agro, rubber and gypsum board manufacturing
- Application-specific variants of the product for superior suitability
- Exported to Asia-Pacific, Sri Lanka, Bangladesh, and Middle East

**End-User Industry:** Construction and Infrastructure

## Growth Drivers

- Government's push to boost infrastructure development across the nation
- Generous monsoons and normal agricultural activities



## Poly Carboxylate Ether (PCE)

Commonly used in the construction industries, especially as superplasticiser in cement and concrete, PCE is manufactured at our Mahistikry and Vapi Plants, under the guidance of our highly-experienced technical team using state-of-the-art production system.

## THE HIMADRI EDGE

- The largest PCE manufacturing facility in India
- In-house R&D centre with sophisticated instruments
- Customised specifications
- Wide product range
- High water reduction
- Very high slump retention grades





**68,000**

MTPA

CAPACITY

## COVID-19 IMPACT

The impact of Covid-19 was felt across industries, and one of the major industries which saw a temporary damage to the whole process was that of real estate and infrastructure. Due to Covid-19, the construction sector slowed down across the country. Due to this sudden shock, labourers became unemployed and moved to their respective native places which caused a

temporary labour shortage across the industry. The migration of labour further compounded the problem and delayed recovery.

To bring back the pace of the slowing economy of India, the Government of India is expected to boost the infrastructure activities, as done in the past. Various infrastructural schemes across housing, connectivity and transport, among others, are evident of the fact that

Government has taken proactive measures to bring back the growth trajectory of the Indian economy. Himadri with its portfolio transformation has been effective in building a strong position through its varied products launched in SNF. These high-value products will help Himadri sail through such challenging times and prepare itself to witness growth.

# PREPAREDNESS BUILDS CONFIDENCE CONFIDENCE BUILDS RESILIENCE RESILIENCE BUILDS ENDURANCE

Challenges come in as surprises. And how we respond to them is what decides our future. This is where preparedness steps in. It helps build confidence, resilience, leading to endurance. While a challenge may not be in our control, preparedness is.

Our sustained efforts and consciousness to think about the future have always charted our course. Agile in nature, we have trained and prepared ourselves to handle unforeseen events and emergencies. This quality helped us quickly respond to the rising need of the hour in a positive manner. Various initiatives were undertaken for the smooth functioning of activities across operating facilities. Our strong and robust IT infrastructure, together with guided SOPs, allowed us to respond promptly.

## Commenced Commercialisation of SCB

**60,000**  
MTPA  
CAPACITY

## HIGHLIGHTS OF THE YEAR:

### Consistent Sales Volumes

(MTPA)

Q4FY20	73,423
Q3FY20	83,520
Q2FY20	83,262
Q1FY20	80,167

Sales volumes were maintained inspite of challenging conditions throughout the year and outbreak of the Covid-19 pandemic in Q4FY20

### Strengthening Balance Sheet

(Long-Term Borrowings)

(₹ in Cr)

Mar 2020	188
Dec 2019	200
Sep 2019	210
Jun 2019	223
Mar 2019	233

## Credit Ratings Reaffirmed

**NON-CONVERTIBLE DEBENTURE ISSUE**

**CARE AA-; STABLE**

**ICRA AA-; STABLE**

(Double A minus; Outlook: Stable)

**Reaffirmed**

**LONG-TERM BANK FACILITIES**

**CARE AA-; STABLE**

**ICRA AA-; STABLE**

(Double A minus; Outlook: Stable)

**Reaffirmed**

**LONG-TERM BANK/SHORT-TERM BANK FACILITIES**

**CARE AA-; STABLE// CARE A1+**

**ICRA AA-; STABLE// ICRA A1+**

(Double A minus; Outlook: Stable /A one plus)

**Reaffirmed**

**COMMERCIAL PAPER**

**CARE A1 +**

**ICRA A1 +**

(A one plus)

**Reaffirmed**

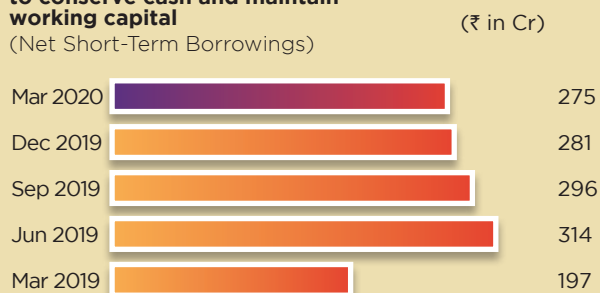
**IN-HOUSE FUNDING OF CAPEX PLANS**

to prevent substantial impact on debt

**SPECIALITY CARBON BLACK & ADVANCE CARBON MATERIAL**

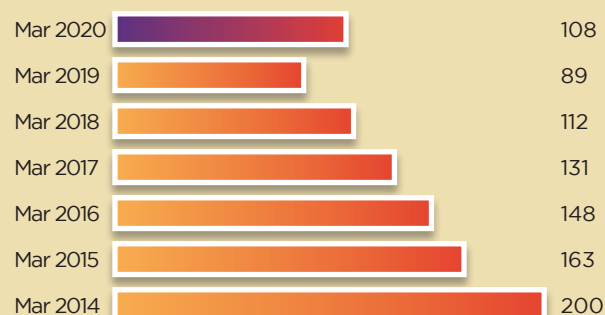
### Rationalised capex plans to conserve cash and maintain working capital

(Net Short-Term Borrowings)



### Improving operating efficiencies

(Working Capital Days)





# PREPAREDNESS BUILDS PROWESS PROWESS BUILDS PERFORMANCE PERFORMANCE BUILDS PURPOSE

Change favours preparedness. It demands the convergence of right prowess and performance, supported with right aptitude. This is crucial not just to take a business closer to its goal, but also for fulfilling its purpose.

## R&D: OUR PROWESS

Our team of highly-qualified and motivated professionals, national and international consultants, form the core of R&D. Unstoppable in nature, our team is constantly focused on development of newer grades and future growth avenues. These products have great demand in the near future and possess huge potential to elevate our confidence in future. This confidence will help us offset the current hiccups caused by the economic slowdown and Covid-19. Thus, reinforcing our belief to emerge as a strong player with long-standing vision in speciality chemical space.



## ADVANCE CARBON MATERIAL – SPECIALITY CARBON BLACK – SULPHONATED NAPHTHALENE FORMALDEHYDE

**JETEX | VIRTEX | ONYX | ELECTRA | KLAREX**

BRANDS LAUNCHED IN SCB

**HIMFLOWCRETE | HIMADRI ADDITIVES**

BRANDS LAUNCHED IN PCE

**42**

RESEARCHERS



### MANUFACTURING FACILITIES: OUR PERFORMANCE

We have nine 'Zero Discharge' manufacturing facilities across India and China. All our facilities adhere to the strict regulations of manufacturing practices. In view of safeguarding our workforce and creating a healthy work environment, the Company adopted practices that comply with the state guidelines for operations.

### GOVERNANCE

We recognise strengthening our Corporate Governance as an ongoing process, as it forms the foundation of sound, transparent and efficient management. Every day, we work with our corporate auditors to deploy a governance system that is better than yesterday. These systems help us pave the path to the future and control it at the same time. Thereby, ensuring value creation for the Company and beneficial results for all stakeholders in the long term.

# CHAIRMAN'S LETTER



“

I am optimistic that even in the face of all the challenges that 2020 has in store, this extraordinary year will mark the beginning of a remarkable chapter in the history of Himadri.

”

## Dear Stakeholders,

Optimism is a mindset; it is an attitude that holds the ability of rewriting future. At Himadri, our constant focus is on improving business performance every year through a prudent decision-making process. This focus is rightly guided by years of research and specialised competencies in the markets we operate. Despite business uncertainties and challenges, we are continuously growing our market share while maintaining our leadership position.

The FY 2019-20 has been a challenging year from a macroeconomic perspective. Changes in the worldwide macroeconomic environment had already flattened the economic momentum early in the business

year. The radical change in the trade policies of the United States did more than just question the industrialised world's economic system, which so far was based on globalisation. Many of the challenges that we faced in the previous year, persisted in FY 2019-20 as well. Moreover, continued softness in the Chinese economy, reduced automotive sales in China, Europe, the UK and Japan, impacted demand for raw materials that we produce.

But even amidst such scenario, I am pleased with our operational performance against the backdrop of a gradual economic recovery. We analysed the long-term positioning of all our key business segments in the past, in view of such challenges in the economy. Our timely investments





in resources, capacity expansions, research and development and IT infrastructure, fill us with a sense of confidence to respond to such structural and long-term situations in a flexible manner. Moreover, with the recent commercialisation of Speciality Carbon Black, I am confident that, with a rebound in the economic environment, the future holds a lot of prospects for Himadri as it continues to march towards its long-term vision.

The outlook for both the near and long-term future remains optimistic for the Company. Even amidst the current market sentiments, we are hopeful of all the potential that lies untapped in the industry. It instils a sense of confidence in us about the future that lies ahead. Our robust

business model, powered by our stronger fundamentals, has helped strengthen our operational efficiencies. This helped us align to the changing environment while focusing relentlessly on cost optimisation and risk mitigation. As a result, the impact of the current temporary slowdown will not affect our future goals.

As a socially responsible Company, Himadri structures its business development strategy in a symbiotic relationship with the Sustainable Development Goals of the United Nations (UN). The Company's priorities include organising safe production as well as the occupational health and safety of its employees.

Before I conclude, I would like to extend my thanks to the

entire team, customers, vendors, and other stakeholders who supported us during the year. The dramatic current conditions have put Himadri's great strengths on display yet again: for one, it is employees who are doing their best work to overcome this extraordinary situation and, for another, its robust strategic alignment that provides the Company's underpinning. I would also like to thank my colleagues on the Board for their support and guidance to the Company's management.

Best Wishes,

**Bankey Lal Choudhary**  
**Executive Chairman**



# INTERACTION WITH THE MANAGING DIRECTOR & CEO

Anurag Choudhary

**OUR YEARS-RICH EXPERIENCE, EXPERTISE PERTAINING TO RESEARCH AND INNOVATION, ALONG WITH OUR ENRICHED PRODUCTION MODELS, INSPIRES OPTIMISM. IT MOTIVATES US TO EXPLORE NEWER HORIZONS WHILE ADAPTING TO THE NEW NORMAL.**

**What is your take on the industry scenario and emerging opportunities?**

The Indian speciality chemical industry is perfectly positioned to capitalise on near-term and long-term opportunities. It tells a story of outperformance, determination, promise and optimism. The industry remains an attractive hub of opportunities, even amidst an environment of global uncertainty. The disruption in the global supply chains centred around China, clubbed with the worsening global sentiment against it, has prompted numerous global majors to explore options to diversify production to other countries. This presents itself as a perfect environment thriving with potential and prospects and could lead to near-term opportunities for chemical companies in India.



“

As we tide over these difficult times and come out leaner, stronger and more robust than ever, we remain confident and optimistic about our growth story.

”

### **How is Himadri gearing up for the post-Covid-19 world?**

When faced by a change, we have two options: either we repent that the change is happening, or we identify the opportunity and be an active part of it. The Company has always walked on the roadmap of sustainability, providing opportunity to act wisely in such challenging times. Our proactive approach prepared us to face such disruption while giving us an upper hand to deal with it. With our strategies in place, even amidst this crisis, we undertook several measures to safeguard our workforce while operating our facilities. Our robust IT infrastructure and Standard Operating Practices have, and will continue, helping us operate our manufacturing plants at optimum level, even with a lower workforce.

### **Have your strategies towards building a capital-disciplined growth journey benefited amidst tough times?**

Yes, definitely. Our proactive strategies towards building strict financial discipline has led to an improved working capital management and sufficient financial flexibility. We have also reduced our net debt and strengthened our balance sheet. This provides us headroom to continue with our approach.

### **Advance Carbon Material (ACM) expansion has been put on hold? How does that help?**

The current situation definitely demands cash conservation to meet any unforeseen liquidity challenges. The actual economic

fallout from the pandemic will only be visible in the first two quarters of the next financial year. Hence, as a proactive measure towards stalling the cash outflow, we decided to temporarily put part of our ACM expansion project on hold until the situation improves.

### **How will SCB commercialisation help?**

I must reiterate that we are taking steps in the right direction by expanding capacities in high-value products. These will significantly help enhance the Company's operating profit levels. We are continuously investing in R&D as our team works tirelessly towards future growth avenues. SCB, due to its high-end applications in non-rubber industries like Plastics, Paints & Coatings, Inks, Fibre, Wire and Cable, is a product that will drive the Company's future growth.

### **Your views on the operational front?**

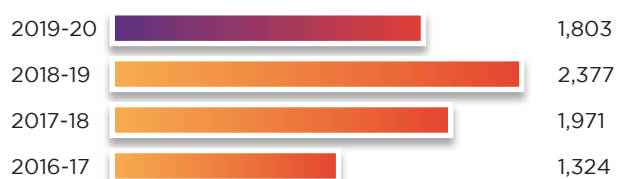
At an overall operational level, we performed considerably well, excepting the fact that we had to write-off inventory down to net realisable value. We maintained our topline and volumes at par with other years in the past while maintaining strong relationships with suppliers and clients. We even continued undertaking various strategic initiatives: higher contribution from value-added products, cost optimisation and innovation and R&D. This ensured stable financial performance and better margins amidst the looming challenges.

### **So how has Himadri managed to stay ahead of the curve?**

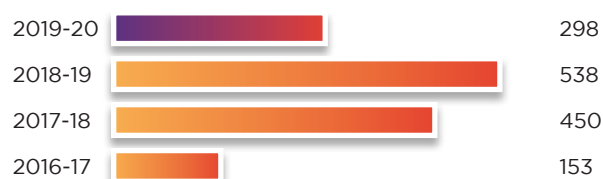
Confidence, connection, competence, character, and commitment are the five pillars of our core that majorly drive our enthusiasm. India is emerging as a very strong player in the chemicals chain and Himadri is ready to capitalise on this opportunity. To stay ahead of the curve, we have expanded our capacities and have consistently focussed and invested in R&D towards developing high value products. It has helped us emerge successfully in the tough times and we are further optimistic to leverage the bright opportunities that lie ahead of us. With a complete basket of Carbon chain products, supported by strong customer relationships, Himadri is currently at a sweet spot and is expected to do well in the years to come.

## PERFORMANCE

### Net Revenue from Operations (₹ in Cr)

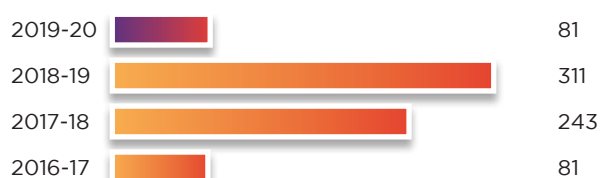


### EBITDA (₹ in Cr)



\* Normalised EBITDA for 2019-20 was reported at ₹ 342 Cr. However, the reported EBITDA was impacted due to inventory write down/losses and charging of receivables/advances to Profit & Loss account.

### PAT (₹ in Cr)



\* PAT for 2019-20 was impacted on account of exceptional loss of ₹ 128 Cr on account of provision for impairment of investment and Loans & Advances made in China and by ₹ 44 Cr (pre-tax) due to inventory write down/losses and charging of receivables/advances to Profit & Loss account.

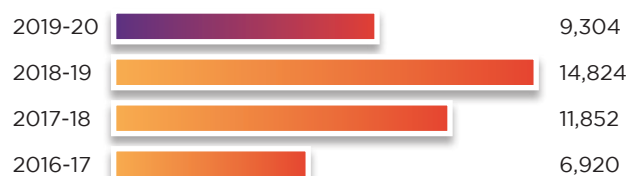
### Net Working Capital (% of Net Sales)



### EPS (₹)



### EBITDA/MT (₹)



### Net Profit Margin (%)



### Net Debt (₹ in Cr)



### Debt/Equity



### Working Capital Cycle (No. of Days)



EBITDA: Earnings before Interest, Tax, Depreciation, Amortisation and foreign exchange fluctuation gain/(loss)

PAT: Profit after Tax

EPS: Earnings per Share

# LEADERSHIP TEAM



**Tushar Choudhary**  
Executive Director

**Anurag Choudhary**  
Managing Director & CEO

**Amit Choudhary**  
Executive Director



# AWARDS & RECOGNITION



Recognised as the Fastest Growing Company in ET Bengal Corporate Awards 2020



19th Annual Greentech Environment Award 2019 by Greentech Foundation



Ranked #1 by Fortune India in their Fifth Edition of Midsize Marvels - The Next 500

Identified as Growth Champions (Ranked #76) in Economic Times - Statista Inaugural Edition of India's Growth Champions 2020 by Economic Times (2020)

Gold Award for the Year in Safety Practices by Greentech Foundation

Gold Award & Top 100 in International Annual Report Competition 2019 by League of American Communications Professionals LLC (LACP)



# CORPORATE INFORMATION

## Chairman Emeritus

Mr. Damodar Prasad Choudhary

## Executive Chairman

Mr. Bankey Lal Choudhary

(DIN: 00173792)

## Managing Director & CEO

Mr. Anurag Choudhary

(DIN: 00173934)

## Executive Directors

Mr. Shyam Sundar Choudhary

(DIN: 00173732)

Mr. Vijay Kumar Choudhary

(DIN: 00173858)

Mr. Amit Choudhary

(DIN: 00152358)

Mr. Tushar Choudhary

(DIN: 00174003)

## Independent Directors

Mr. Hanuman Mal Choraria

(DIN: 00018375)

Mr. Santimoy Dey

(DIN: 06875452)

Mr. Sakti Kumar Banerjee

(DIN: 00631772)

Mr. Hardip Singh Mann

(DIN: 00104948)

Mr. Santosh Kumar Agrawala

(DIN: 00364962)

Mrs. Sucharita Basu De

(DIN: 06921540)

## Senior Management Team

Mr. Kamlesh Kumar Agarwal

– Chief Financial Officer

Mrs. Monika Saraswat

– Company Secretary &  
Compliance Officer

Dr. Soumen Chakraborty

– President Carbon Black Division

Mr. Monojit Mukherjee

– Business Head, Carbon Black  
Division

Mr. Somesh Satnalika

– Vice President, Strategy &  
Business Development

Mr. Santanu Chatterjee

– Senior Vice President,  
HR and Administration

## Bankers

Axis Bank Limited

Bank of Baroda

Central Bank of India

Citi Bank, N.A.

DBS Bank India Limited

The Federal Bank Limited

HDFC Bank Limited

The Hong Kong & Shanghai Banking  
Corporation Limited

ICICI Bank Limited

IDFC First Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

Standard Chartered Bank

State Bank of India

Yes Bank Limited

Qatar National Bank (Q.P.S.C.)

## Registrar & Share Transfer Agents

M/s. S.K. Infosolutions Pvt. Ltd

34/1A, Sudhir Chatterjee Street

Kolkata - 700 006

Tel: (033) 2219 6797/4815

E-mail: [contact@skcinfo.com](mailto:contact@skcinfo.com)/  
[skcdilip@gmail.com](mailto:skcdilip@gmail.com)

Website: [www.skcinfo.com](http://www.skcinfo.com)

## Debenture Trustee

Axis Trustee Services Limited

The Ruby, 2nd Floor, SW,

29, Senapati Bapat Marg,

Dadar (West), Mumbai - 400 028

Tel: +91-22-6230 0451;

mail: [debenturetrustee@axistrustee.com](mailto:debenturetrustee@axistrustee.com);

[complaints@axistrustee.com](mailto:complaints@axistrustee.com)

## Registered Office

Fortuna Tower

23-A, Netaji Subhas Road

8th Floor, Kolkata - 700 001

Tel Fax: +91 (033) 2210 4261/62

E-mail: [info@himadri.com](mailto:info@himadri.com)

Website: [www.himadri.com](http://www.himadri.com)

CIN: L27106WB1987PLCO42756

## Corporate Office

8, India Exchange Place, 2nd Floor,

Kolkata - 700 001

Tel: (033) 2230 4363/9953

Fax: +91-033-2230-9051

## Auditors

M/s B S R & Co. LLP

Chartered Accountants

Unit No: 603-604, 6th Floor,

Tower-I Godrej Waterside

Sector-V

Salt Lake City

Kolkata - 700 091

## Solicitors & Advocates

M/s Aquilaw

9 Old Post Office Street

8th Floor

Kolkata - 700 001

## Works

Unit number 1

58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2

27B Gadadhar Bhatt Road, Liluah,  
Howrah (W.B.)

Mahistikry Plant

Mahistikry, P.S. - Haripal District  
Hooghly (W.B.)

Visakhapatnam Unit

Ancillary Industrial Estate  
Visakhapatnam (A.P.)

Korba Unit

Jhagrah, Rajgamar Colliery Korba  
(Chhattisgarh)

Vapi Unit

GIDC 1st Phase, Vapi (Gujarat)

Sambalpur Unit

Kenghati, P.O. Jayantpur,  
Sambalpur 768112

Falta (SEZ unit)

Falta Special Economic Zone  
Sector - II, Vill - Simulberia, Falta,  
Dist - 24 Pgs (South), West Bengal

Windmills

1. Village Amkhel, Taluka-Sakri,  
District Dhule, Maharashtra

2. Village Titane, Taluka-Sakri,  
District Dhule, Maharashtra

China Unit

Longkou, Shandong China



# MANAGEMENT DISCUSSION AND ANALYSIS



## COMPANY OVERVIEW

Established in 1990, Himadri Speciality Chemical Ltd is one of India's largest integrated speciality carbon companies. Over the years, the Company has undergone massive transformation from a Coal Tar Pitch manufacturing company to being one of the world's most extensive value chains in the Carbon segment.

The Company is a market leader and a significant player in multiple product segments like Coal Tar Pitch, Carbon Black, Naphthalene and Refined Naphthalene, Sulphonated Naphthalene Formaldehyde (SNF), and Speciality Oils, among others. The Company has diversified its product portfolio using the power of forward integration. This has empowered the Company to develop advance carbon material

and other value-added speciality products. Headquartered in Kolkata, the Company has nine state-of-the-art and 'Zero Discharge' manufacturing facilities across India and China.

Himadri boasts of a strong and experienced R&D team, comprising global experts. Situated at Mahistikry, West Bengal, the lab is recognised by the Government of India. Over the years, the Company has



as the third largest producer of Carbon Black. It is also the largest producer of SNF in India. The Company's proven technological prowess assists it in gaining a sturdy traction, thereby reinforcing its position in the speciality black and Advance Carbon Material.

## ECONOMIC OVERVIEW

### Global economy

The global economy witnessed a slowdown in its momentum, registering a growth of 2.9% in 2019, compared to 3.6% in 2018. This slowdown was on account of rising trade barriers, tighter financial conditions, and geopolitical tensions across the world. But as the year passed, signs of stabilisations were seen. Manufacturing and service sectors started improving, financial conditions were seen to be strengthening along with an improvement in monetary policies. The economy was in sluggish recovery.

The advanced economies were anticipated to grow on account of Phase 1 trade agreement between the US and China, along with improving external demands in the Euro zone. The prevailing condition started easing out once the US Federal Reserve was seen adopting a more accommodative monetary policy stance. Markets started looking more buoyant and optimistic, post the US-China trade deal to defuse their trade war at the end of the year. But due to other factors like Brexit, geopolitical tension and fiscal challenges, this anticipated growth was dragged down.

Further, in late 2019, the sudden outbreak of Coronavirus impacted several economies around the world forcing them to impose lockdowns. The impact led to disruption in the entire supply

chain, fall in commodity prices, especially oil, and a significant dip in capital expenditures. The overall lockdown also resulted in declining travel, and nearly negligible automobile and durable sales.

(Source: IMF April 2020)

### Indian economy

The Indian economy's journey has remained promising over the past few years. However, FY 2019-20 was an exception as it was a bit challenging for the Indian economy to overcome all the hurdles and barriers. The economic growth softened to 4.2% in FY 2019-20 as compared to 6.8% in FY 2018-19. The FY 2019-20 saw a steep decline in its growth rate as it faced several headwinds in the form of decreased private consumption, and investment in infrastructure and exports. The slowdown of exports was due to trade wars and political instability across a few geographies. To bring back the growth momentum, the Government of India took various measures and varied structural changes were made in reforms. These measures included corporate tax rate cut, reduction in repo rate and reverse repo rate. However, the sudden outbreak of Covid-19 in late March 2020, took a toll on the economy's performance. Already under a sluggish recovery, the economy was further forced to observe lockdown which resulted in a halt of all economic activities. A rise in unemployment and loss of income is what followed next. To curb the overall impact of Covid-19 and to revitalise the economy, the Government introduced a financial stimulus package of ₹ 20 lakh crores (mid-May 2020). The package was aimed at boosting private investments, increasing liquidity, support, and

gained strong expertise to continuously innovate its products and processes. This expertise has helped achieve high efficiency levels through optimum usage of resources.

Aspiring to establish itself as a global Carbon conglomerate, Himadri has optimally leveraged its robust research base to build a powerful product portfolio. Backed by its unmatched product offerings, the Company dominates



infrastructure. The ultimate target, as the Government expressed, was towards making India self-reliant.

## OUTLOOK

Covid-19 has changed our collective calculus of uncertainty. This is much more complex than any other crisis ever experienced. The Government's stimulus package, announced in mid-May 2020, will evidently revive and restructure India's economy. The effect of the package will be seen in long-term employment and opportunities that will strengthen the economy qualitatively and commercially. Moving on, with the gradual easing of lockdown across nation, the economic activities are anticipated to slowly gain momentum as they restore in a phased manner. All the fiscal, monetary, and administrative measures undertaken by both the Government and RBI, will create conditions for gradual revival of activities in the second half of 2020-21. Lastly, several measures like financial and sectoral reforms, revival in private consumption, supporting measures taken for

automobile industry, corporate tax cut, and increase in exports are expected to aid the economic growth.

## PRODUCT PORTFOLIO

### Coal Tar Pitch

#### OVERVIEW AND INDUSTRY DEVELOPMENT

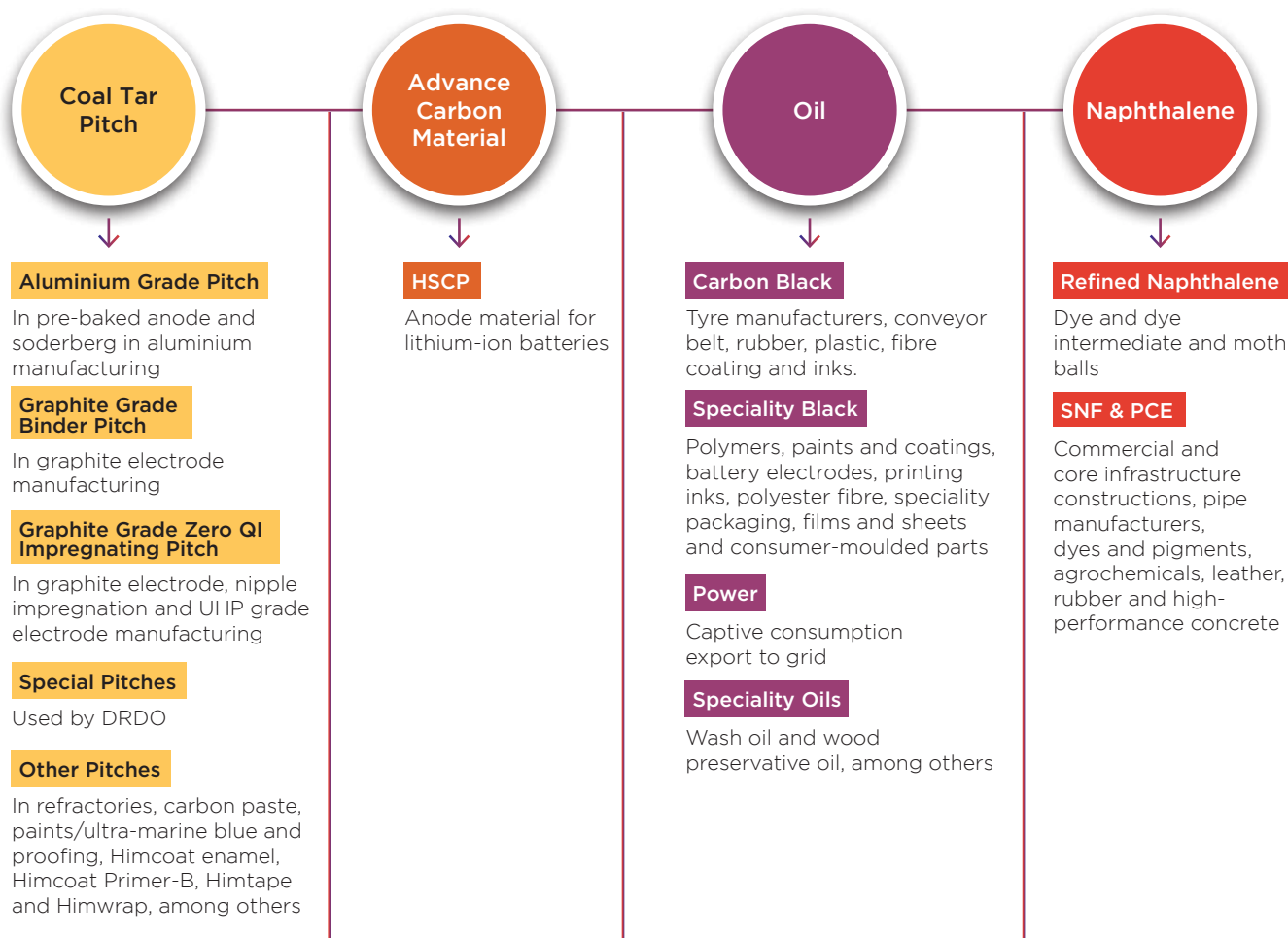
Coal Tar Pitch (CTP) is a complex chemical with various properties obtained through Coal Tar distillation. Coal Tar Pitch is used in manufacturing anode and graphite electrode. This market is further segmented by grade type into aluminium, graphite, and others.

CTP is an important material in the production of steel and aluminium. It is used as a binding and impregnating agent in the production of graphite electrodes used in electric arc furnaces in steel plants and in carbon anodes utilised in aluminium smelters. Currently, aluminium is the second most used metal in the world after steel and the third most

available element. CTP is also used as a base for coatings and paint, in roofing and paving, and as a binder in tar products. The increasing use of aluminium and steel across various industries like infrastructure and automobile, will drive the growth of CTP market. Coal Tar Pitch is also used to make high technology products like carbon fibres, anode for lithium-ion batteries and solar panels, among others.

Moreover, the product is demand inelastic. The aluminium smelters cannot reduce production/shutdown during a downturn owing to the significantly high cost of starting afresh. This gives the Company an edge for round-the-year stable business.





**100 kgs of CTP**  
required to manufacture  
1,000 kgs aluminium

**440 kgs of CTP**  
required to manufacture  
1,000 kgs of graphite

**~ 1.7-1.9 kgs**  
of graphite electrodes  
required to manufacture  
1,000 kgs of steel



## Application Industry

### ALUMINIUM INDUSTRY

Aluminium industry is the second most important metallurgical industry in India. Aluminium has gained popularity as a substitute of steel, copper and zinc. The metal leads in a number of industries because it is light in weight, resistant to corrosion, a good conductor of heat, malleable and gains strength when mixed with other metals. The domestic demand for aluminium is likely to remain robust, driven by construction and packaging. Besides, strong Government reforms like the 'Make in India' campaign, smart cities, rural electrification and a focus on building renewable energy projects under the National Electricity Policy will boost demand for aluminium in India. The adoption of strong, lightweight and formable aluminium sheets in vehicle parts and structures is also driving its growth in the automotive body sheet segment.

(Source: <https://www.equitymaster.com/research-it/sector-info/aluminium/Aluminium-Sector-Analysis-Report.asp>)

#### Covid-19 Impact

Global recession, dumping from China, shrinking markets, and semi-finished products through FTA countries like Malaysia and Thailand have impacted Indian aluminium exports negatively. The outbreak of Covid-19 further dampened the domestic industry as demand for aluminium contracted significantly on a year-on-year basis along with disruptions in mining activities. Globally, construction and transportation sectors are the major demand drivers of the three non-ferrous metals and these sectors are strongly correlated with the health of the underlying economies.

### GRAPHITE INDUSTRY

Graphite is manufactured synthetically using carbon such as tar pitch and petroleum coke.

Graphite electrode is used in electric arc furnace-based steel mills for conducting current that melts scrap iron and steel. It is a consumable item for the steel industry. EAF steel production has grown faster than the overall steel production due to its greater resilience, variable cost structure, less capital intensive, less polluting and more environment-friendly nature.

#### Covid-19 Impact

Covid-19 has impacted the domestic graphite industry in a severe manner. The steel application industries like automobile and construction are going through a patchy phase. This will, in turn, demand for low steel supply, resulting in low demand for graphite electrodes. The global steel demand is expected to further decline in the second half of FY 2020-21 due to prolonged lockdowns and weaker economic activities. However, the comprehensive impact on steel industry is difficult to assess depending on the duration of lockdown and severity of the outbreak as it continues to ascend.

## Carbon Black

### OVERVIEW AND INDUSTRY DEVELOPMENTS

Carbon Black is a powdery form of elemental carbon which is derived from thermal decomposition of hydrocarbons through incomplete combustion of feedstock. It contains 95% pure carbon and enhances the physical and

mechanical properties of material, making the end product more effective. Carbon Black is essentially used in manufacturing tyres, plastics, mechanical rubber goods, printing inks, and toners. It can absorb UV light and convert it into heat. The product, hence, finds its major application in insulating wires and cables. Moreover, it is used in the production of a wide range of rubber products and pigments. It serves as a cost-effective rubber reinforcing agent used in tyres.

The shift in manufacturing base of automobiles and tyre industries is expected to drive the Carbon Black market. Further, the use of Carbon Black in speciality segments such as inks, conductive plastics and high-performance coatings, is also growing the application base for Carbon Black. The demand will also rise from construction and manufacturing industries, where it is used to strengthen industrial rubber compounds and other equipment.

# 70%

**CARBON BLACK CONSUMPTION BY TYRE INDUSTRY**

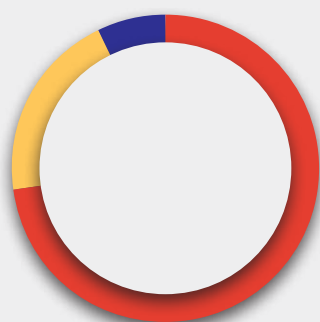
# 22-27%

**VOLUME OF CARBON BLACK IN A TYRE**



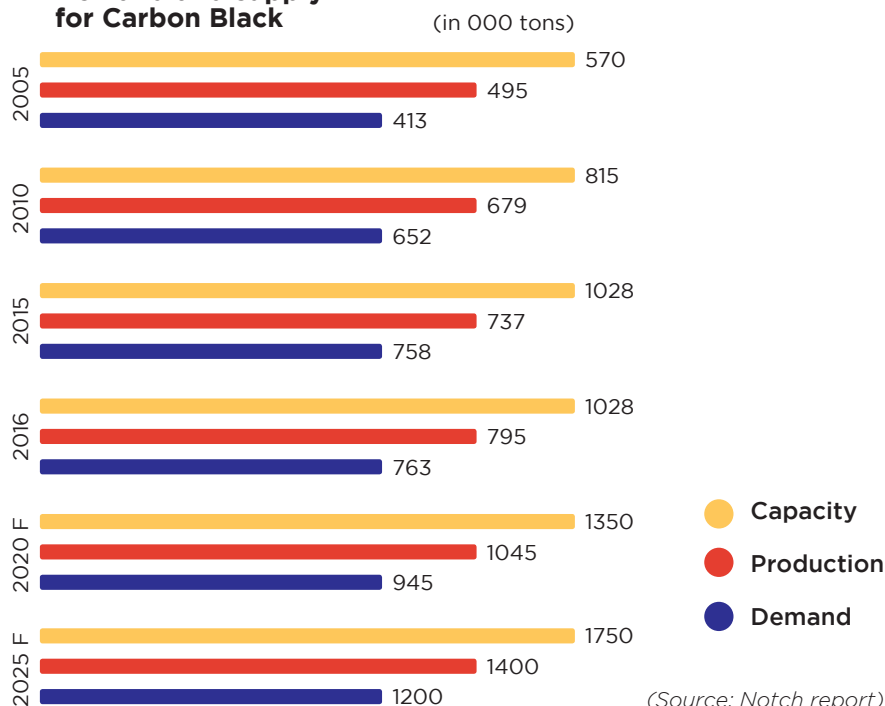


### Carbon Black application demand break up



- Tyres **73%**
- Rubber Non-Tyre **20%**
- Non-Rubber **7%**

### Demand and supply for Carbon Black



(Source: Notch report)

## Application Industry

### TYRE INDUSTRY

Carbon Black, being a rubber reinforcing agent, is used as a filler in tyres. The Indian tyre industry accounts for around 70% of Carbon Black consumption. Tyre manufacturing in India serves two segments namely the Original Equipment segment (OE) and the Replacement segment. The Replacement segment represents over 55% of industry volumes. The demand for the tyre industry is majorly driven by increase in the demand of passenger vehicles, trucks, buses, cars and 2&3 wheelers. These industry segments also benefit from the replacement demand.

Latest trends in the tyre industry include inclusion of more radials which consume less fuel. Companies of today are adopting the latest trend which calls for lower usage of Carbon Black and more silica content to increase the fuel efficiency and reduce pollution. Over many

years, the application of Carbon Black has significantly reduced in manufacturing of tyres for the passenger vehicles. On the other hand, in case of CVs we are required with the fair amount of Carbon Black as those tyres need to deal with the pressure of the heavily-loaded vehicles.

Radialisation can be aptly classified as the most important innovation in tyre technology. Despite its several advantages (additional mileage; fuel saving and improved driving) radialisation in India earlier did not catch up at a pace that was expected. This could be attributed to several wrong perceptions like Indian roads generally not suitable for ideal plying of radial tyres and vehicles produced in India not having suitable geometry for fitment of radial tyres. However, the situation has radically changed in recent years, especially for the passenger car tyre segment where radialisation will reach at par levels within the next few years.

(Source: <https://auto.economictimes.indiatimes.com/news/auto-components/how-tyre-industry-is-evolving-and-adjusting-to-global-trends-and-requirements/64977118>)

### NON-TYRE RUBBER MARKET

The non-tyre rubber market includes all the uses of Carbon Black in rubber compounding outside of tyres and re-treading. Major applications in this segment are automotive products and general rubber components for industrial, consumer, construction, and other types of equipment. Specific items include belts hose and fuel hose, (such as conveyor belts, transmission belts, v-belts, coolant hose, hydraulic hose, fuel hose, among others). It also includes mechanical and industrial rubber goods (seals, gaskets, rollers, sheeting and membranes and wheels, among others).

### Covid-19 Impact

Coronavirus has further dampened the already prolonged and crippling auto sector in India.





The demand for automobiles is expected to contract by 30%. The headwinds in the domestic industry will curtail the tyre industry's growth prospect. The increased inventory levels and muted automobile demand will lower demand for tyre in the short term. This has directly impacted the tyre industry and in turn the Carbon Black industry.

## Speciality Black Industry

### OVERVIEW AND INDUSTRY DEVELOPMENTS

Global demand for Speciality Black totalled one million tons in 2016. The market grew 2.5% per year from 2006 to 2016. Looking forward, the global demand for Speciality Black is forecasted to increase 3.4% per year to reach 1.2 million tons in 2021. Speciality Carbon Black includes grades that are substantially cleaner than the conventional grade.

This segment includes all the demand for Carbon Black outside the rubber industry. It includes customised grades as well as clean versions of conventional grades. Speciality Black is used to impart colour, improve mechanical properties, provide UV protection, and enhance conductivity and electrostatic discharge in a wide range of products.

The market for speciality chemicals is driven by plastics compounding, printing inks and paints and coatings. Further, the Carbon Black finds use in a wide range of niche applications which includes batteries, adhesives, metallurgy, graphite, and carbon products and building products (cement and asphalt). It finds vast utilisation in the non-rubber automotive application and plays a vital role to produce lightweight and fuel-efficient passenger cars. Due to its extensive usage in non-rubber applications, it

remains unaffected from cyclical nature of rubber and tyre industry. Further, increasing convenience food consumption packaging is expected to emerge as the leading application for food-grade segment.

### Plastics, Inks, or Coatings

Speciality Carbon Black is a highly versatile material in terms of its physical and chemical properties, which can be altered during the manufacturing process and by after-treatment. The performance of Carbon Black in plastics, inks, or coatings is primarily a function of four characteristics: particle size (or surface area), structure (or aggregate size), surface activity, and porosity.

## Ink & Toner Markets for Speciality Black

Item	2006	2011	2016	2021 F	2026 F
<b>Unit: 000 tons, except as noted</b>					
Speciality Black Demand	792	890	1016	1200	1393
% inks & toners	13.8%	12.1%	11.2%	10.1%	9.2%
Ink & Toner Markets	109.0	108.1	114.0	121.0	128.0
Printing Inks:	100.8	98.6	102.4	104.4	106.0
Newspaper Inks	53.8	50.6	48.6	43.9	40.5
Publication Inks	31.9	31.9	35.0	38.0	40.0
Packaging Inks	10.0	10.7	12.5	15.0	17.0
Other Inks	5.1	5.3	6.3	7.5	8.5
Toners & Inkjets:	8.2	9.5	11.6	16.6	22.0
Toners	6.6	6.8	7.6	9.6	12.0
Inkjets	1.6	2.7	4.0	7.0	10.0

## World Speciality Black Demand, Geography-Wise

Item	2006	2011	2016	2021 F	2026 F
<b>Unit: 000 tons, except as noted</b>					
North America	235	257	290	330	367
European Union	223	192	213	238	261
Asia	267	362	428	529	640
China	102	165	197	245	300
Asia excluding China	164	197	232	284	341
Other Regions	67	79	85	104	126

## Speciality Black by Market

Item	2006	2011	2016	2021 F	2026 F
<b>Unit: 000 tons, except as noted</b>					
Speciality Black Demand	792	890	1016	1200	1393
Plastics	464	544	634	767	902
Inks & Toners	109	108	114	121	128
Paints & Coatings	35	40	51	62	75
Batteries	45	47	52	61	73
Other Applications	140	151	166	189	215

(Source: Notch)

The Speciality Black market in India is currently 5% of the total volume. It is expected to grow rapidly over the coming years owing to demand from the end-user industries.

# 70%

PLASTICS

# 17%

PRINTING INKS AND PAINTS  
AND COATINGS

# 13%

NICHE APPLICATIONS,  
ADHESIVES, AND MULCH,  
AMONG OTHERS

## Advance Carbon Material (ACM)

### OVERVIEW AND INDUSTRY DEVELOPMENTS

Advanced Carbon Materials' market is anticipated to rise at a considerable rate. This rise can be accredited to ACM's growing application base for manufacturing high quality anode material for lithium-ion battery. Thus, demand for ACM is gaining momentum from power applications.

The global lithium-ion battery market was valued USD 36.7 billion in 2019 and is projected to hit USD 129.3 billion by 2027, at a CAGR of 18.0% from 2020 to 2027. Lithium-ion batteries are characterised by high energy density, high output voltage, and a long cycle life. Demand for conductive blacks used in lithium-ion batteries grew more than 25%

per year from 2006 to 2016, with volumes reaching 5 KT in 2016. This growth has coincided with substantial new demand for these batteries in household products (calculators, clocks, watches, cameras), consumer electronics (smartphones, tablet, laptops), power tools, e-bikes, electric stationary storage (ESS) or grid storage, telecommunication and electric power grids, micro and mild hybrid electrical vehicles (HEV), full and plug-in HEV, and full Electric Vehicles (EV). The demand is expected to remain quite strong while volumes are expected to reach 14 KT.

(Source: <https://www.alliedmarketresearch.com/lithium-ion-battery-market>)





## Application Industry ELECTRIC VEHICLES

In 2019, the number of light Electric Vehicles globally reached 2,264,400 units, 9% higher than that for 2018. Global EV sales grew, largely in parts of Europe, which saw 44% growth as compared to the US and China, which are the largest markets. In 2019, Europe secured € 60 billion in investments to produce EVs and batteries which was 19 times more than that in 2018.

Another interesting EV trend in 2020 relates to public transportation and the sharing economy. Electric micro mobility options have expanded rapidly since their emergence in 2017. Shared electric scooters (e-scooters), electric-assist bicycles (e-bikes) and electric mopeds are now available in over 600 cities across more than 50 countries worldwide. An estimated 350 million electric 2&3 wheelers

make up 25% of all 2&3 wheelers in circulation worldwide. The majority of these are in China, driven by bans in many Chinese cities on 2 wheelers with internal combustion engines.

In freight transportation, on the other hand, light commercial EVs (LCEs) reached 380,000 units in 2019, which is great news for the future of commercial trucking.

The global stock of electric buses in 2018 was 460,000 almost 100,000 vehicles more than in 2017.

Electric Vehicles sales, excluding e-rickshaws, in India grew by 20% at 1.56 lakh units in 2019-20. The growth was driven by 2 wheelers as per Society of Manufacturers of Electric Vehicles (SMEV).

The rapid penetration of electric vehicles in India is expected to drive the need for lithium-ion battery manufacturing in the country. The major driving factor propelling the growth of lithium-

ion battery manufacturing industry in India is the government's plan to boost electric mobility. The Indian Government has envisioned the conversion of 2&3 wheelers into 100% electric ones by 2030. Currently, India is dependent on other countries for sourcing EV batteries, which has resulted in the hiked price of EVs. The penetration of EVs in the Indian automotive sector is expected to bolster the need for indigenous manufacturing of lithium-ion batteries, to make them economically viable.

(Source: <https://www.livemint.com/companies/news/electric-vehicle-sales-in-india-up-20-in-2019-20-11587370389230.html>, <https://www.virta.global/global-electric-vehicle-market>, <https://www.alliedmarketresearch.com/electric-vehicle-market>)



## The Government Initiatives

### Budget announcement

### Implication

The Government increased basic custom duty on Electric Vehicles in commercial and passenger segment for CBUs, SKD, CKD



This will help promote manufacturing in the country and in checking imports of Electric Vehicles that India is going to adopt in a major way

The Government earlier formulated a Partial Credit Guarantee Scheme for the NBFCs, further supported by devising a mechanism



NBFCs are major sources of finance for auto loans. Credit Guarantee for NBFCs will further ease liquidity for auto sector

- Increased custom duty on other EV components, in accordance with the Make in India campaign, for attaining global leadership in EV sector
- Launched the Faster Adoption and Manufacturing of Electric and Hybrid vehicles (FAME) II Scheme with an outlay of ₹ 10,000 crore to incentivise sales of such vehicles
- The Government sanctioned 1,000 charging stations for boosting EV sales

₹ **1,000**  
Crore

**INCENTIVE FOR SETTING UP CHARGING STATIONS**

₹ **10,000**  
per KW

**PLANNED INCENTIVE BASED ON BATTERY SIZE**

₹ **20,000**  
per KW

**PLANNED INCENTIVE FOR ELECTRIC BUSES**

## Naphthalene

### OVERVIEW AND INDUSTRY DEVELOPMENTS

The global Naphthalene market is expected to post a CAGR of more than 2% during the period 2019-2023. Textile industry is the leading end-user industry for Naphthalene in India. Additionally, it is used as a surfactant and wetting agent, plasticiser, and pesticide in numerous end-user industries such as building & construction, agriculture, household cleaning and others. Moreover, growth of industries such as industrial paint, printing, plastic and tannery is further boosting the demand for dyes and dye intermediates for end-use applications. Additionally, the robust demand for dyes and dye intermediates from textile industry is anticipated during forecast period, which would further steer growth in the Indian dyes and dye intermediates market.

## Sulphonated Naphthalene Formaldehyde (SNF)

### OVERVIEW AND INDUSTRY DEVELOPMENTS

SNF is a light yellow to yellowish brown powder, which is an anionic surfactant. It is widely used for the preparation of free-flowing and pumpable concrete mixture in the construction industry. Naphthalene, one of the by-product of Coal Tar Distillation, is used to manufacture SNF which is used as raw material for compound accelerators, anti-freezing agents, and retarders, in different construction industries. SNF's high purity feature makes cement particles with high low foaming, high range water reducing and strengthening. Further, SNF also finds its applications in agriculture, gypsum, plastics & rubber, paper, construction, textile, and oil industries.

Concrete admixtures are added to construction materials to alter and improve their chemical and physical properties. Concrete admixtures provide strength and durability to buildings and significantly reduce the water to cement ratio. SNF condensates is one of the most widely-used concrete admixtures in India. Increasing construction activities on account of huge public and private investments in construction sector is forecast to drive demand for concrete admixtures in India. Moreover, adoption of various policies by the Government of India for infrastructure development such as Smart Cities Mission, AMRUT Mission and Pradhan Mantri Gram Sadak Yojna are further expected to boost demand for Naphthalene and PCE-based admixtures in the country. The recent boost in

infrastructure, including a network of expressways and economic corridors by 2025, will further stimulate demand for SNF.

## Poly Carboxylate Ether (PCE)

### OVERVIEW AND INDUSTRY DEVELOPMENTS

Poly Carboxylate Ether is a chemical mixture that reduces water demand of concrete at comparable workability. PCE finds its extensive application in construction industry. A building's construction material needs to be strong for a longer shelf life which is provided by the Ether to the concrete.

Increase in construction activities with rising infrastructure development is boosting the Polycarboxylate Ether market. Rise in urbanisation, construction of highways is propelling the infrastructure demand. This is leading to increase in demand for cement-concrete, eventually leading to demand for PCE.

## OPPORTUNITIES

### Innovative Products

Coal chemicals offer a wide range of product innovation. We are one of the most integrated coal chemical companies globally with strong R&D capabilities in carbon space. This allows us to innovate and offer a diverse range of solutions as per customer's requirements thereby consolidating our position in the market. Our new product development caters to the rising needs of the customers. We launched Speciality Carbon Black and Advance Carbon Material in the speciality products segment. This will open new opportunities together with new routes of avenues.

### Growing Demand

We cater to the wide spectrum of sectors across automobile, tyre, infrastructure among others, which are critical for the economy and are registering strong growth rates. Along with this we are also present in the sunrise sectors like electronic vehicles and consumer electronics. Backed by a strong R&D infrastructure, our team has been successful in catering to these sectors by ensuring new product development as per the client's specifications. Further the growing focus on infrastructure development across India and rising need for automobile will help us strengthen our position.

### India's Growing Chemical Sector

The Chemical sector in India is proving its competitiveness globally and is set to witness a phase of high growth. Recent geopolitical developments across the world further support the growth of chemical sector in India. This provides us an opportunity to particulate and leverage our strength and capabilities to harness growth arising from this opportunities.

## THREATS

### Competitiveness

The Government has allowed 100% FDI in chemical sector. This has resulted in domestic players facing stiff competition from foreign multinationals, capable of exerting strong price pressures on local markets. Himadri views this as a healthy indicator of further thriving and leveraging on its attributes. Better pricing quality products, high volumes and strategic locations, compared to its peers, are some of the factors that places the Company in a better position to face this competition.

### Delay in Economic Recovery

COVID has led to a severe setback for economy globally and in India. In case the Indian economy takes long to recover from the COVID shock, it will impact the growth prospects of the Company as well.

## OPERATIONAL REVIEW

### Research & Development

Research & Development (R&D) is at the core of Himadri's business



and is instrumental in driving its growth. Over the years, it has helped the Company achieve and maintain its leadership position in the market while adopting major transforming technologies. Recognised by the Government of India, the Company's R&D centre is located at Mahistikry (Hooghly, West Bengal). The strong and comprehensive R&D competencies serve as the foundation for chemical innovation and inspiration across the Company's businesses. The innovations, carried under process development, have helped achieve overall efficiencies, resulting in reduced product cost, improved quality and better productivity.

#### Product

The Company, over the years, through its research and development, has developed products across entire product value chain. The Company's

forward integration allows it to develop and launch new innovative products at regular interval.

#### Process

The Company's continuous focus on process improvement enhances its efficiencies. This has led to improved product yield and a better through put.

#### Technology

The Company's in-house technology development prepares it to compete in the global markets. Products like Coal Tar Pitch of different grades, Advance Carbon Material and Speciality Carbon Black are results of the Company's in-house technology.

## QUALITY

At Himadri, quality is not just tested, it is built into everything the Company does. Whether it is product development or manufacturing, the Company

has integrated quality into all its processes that impact the end product. The Company continuously tries exceeding customers' expectation by providing quality products. The Company has an independent Quality Assurance (QA) team which organises internal and external audit. This team is responsible for documentation and data control. The Company's continuous emphasis on quality has made Himadri, a partner of choice. The entire process of the Company lays 100% emphasis on standard reference material testing. This allows the Company to stand true on its product promise.

QA team is supported by state-of-the-art research labs and has been recognised by the Government of India. Constant trainings at NABL (National Accreditation Board for Testing and Calibration Laboratories) are





conducted to update the QA team with the latest techniques and technologies. Regular quality audit is also conducted at the labs to ensure the high-quality products. Various tests like Mesophase, C/H Ratio and wettability, among others, are carried out before delivery. This helps ensure consistency in the rheological and operational properties of the product.

Himadri has created a sustainable business by complying with established regulations, processes, and standards, to ensure and protect its quality. The Company supervises its quality control more efficiently with the help of its in-house processing and manufacturing. This also leads to manufacturing environment-friendly products through environment-friendly processes. These products and processes comply with the customers' and Government's norms.

## FINANCIAL REVIEW

### Consolidated Highlights

The consolidated gross revenue from operations stood at ₹ 180,580.03 lakhs during 2019-20 as compared to ₹ 242,238.66 lakhs in 2018-19. EBITDA stood at ₹ 29,446.48 lakhs during 2019-20 as compared to ₹ 56,254.49 lakhs in 2018-19. The Profit after tax stood at ₹ 20,535.91 lakhs during 2019-20 as compared to ₹ 32,423.55 lakhs in 2018-19.

### Standalone Highlights

Standalone gross revenue from operations stood at ₹ 180,349.85 lakhs in 2019-20 as compared to ₹ 237,661.90 lakhs in 2018-19. EBITDA stood at ₹ 29,807.14 lakhs in 2019-20 as compared to ₹ 53,830.34 lakhs in 2018-19. Profit

after tax stood at ₹ 8,097.65 lakhs in 2019-20 as compared to ₹ 31,139.20 lakhs in 2018-19.

### Shareholders' Funds

The authorised share capital of the Company stood at ₹ 7,001 lakhs as on 31 March 2020 as compared to ₹ 7,000 lakhs as on 31 March 2019 in the form of equity shares of ₹ 1 each. Pursuant to the merger of Equal Commodial Private Ltd with the Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from the appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 lakh of Equal Commodial Private Ltd, stands transfer to authorised equity share capital of the Company. The paid-up share capital stood at ₹ 4,188.08 lakhs as on 31 March 2020. The Company's reserve and surplus stood at ₹ 160,962.84 lakhs whereas the net worth is ₹ 165,150.9Llakhs.

### Dividend

With the Board's decision of being consistent in terms of the payment of dividend, the Board recommended 15% (₹ 0.15 per share) dividend for the year 2019-20 to reward its shareholders. The dividend is paid out of accumulated profits, subject to approval of members at the ensuing Annual General Meeting.

### Finance

The Company continued to enjoy working capital facilities from various banks including Axis Bank Ltd, Bank of Baroda, Central Bank of India, Citi Bank, N.A., DBS Bank India Ltd, The Federal Bank Ltd, HDFC Bank Ltd, The Hong Kong & Shanghai Banking Corporation Ltd, ICICI Bank Ltd, IDFC First Bank Ltd, IndusInd Bank Ltd, Kotak Mahindra Bank Ltd, Qatar National Bank (Q.P.S.C.), RBL Bank Ltd, Standard Chartered Bank, State Bank of India and Yes Bank Ltd. The Company has serviced these debts proactively.

### Details of Key Financial Ratios (Consolidated)

Key Financial Ratios	FY 2018-19	FY 2019-20	Variance (%)
Debtors Turnover (Sales/Debtors)	6.62x	6.03x	-9%
Inventory Turnover (COGS/Inventory)	2.95x	3.02x	3%
Interest Coverage Ratio (EBITDA/Interest)	8.76x	5.69x	-35%
Current Ratio (Current Assets/Current Liabilities)	1.38x	1.13x	-18%
Debt Equity Ratio (Net Debt/Equity)	0.26x	0.26x	1%
Operating Profit Margin (%) (EBITDA/Revenue)	23%	16%	-30%
Net Profit Margin (%) (PAT/Revenue)	13%	11%	-15%

Interest coverage ratio for 2019-20 was 5.69x as compared to 8.76x in the 2018-19, decreased by 35%. Operating Profit Margin for 2019-20 was 16% as compared to 23% in the 2018-19, decreased by 30%. The above decrease was due to decrease in profitability because of decrease in sales volume, decrease in average realisation and due to write down in inventory





## HUMAN RESOURCE

The Company's people strategies are geared to create learning opportunities. It focuses on building careers and fosters an empowering and inclusive culture. The idea is to provide an environment where employees find meaning in what they do while creating value for the Company.

### CULTURE TRANSFORMATION

The Company aims to build an inclusive and empowering work environment, focused on enhancing employee experiences. The Company's philosophy for People, Processes, Policies and Practices contributes towards building an agile and performance-oriented organisation.

### SHAPING CAREERS

The Company's focus is to hire the right individuals with appropriate competencies and assimilate them into the culture

and work environment and enable them to perform. Based on the periodical assessment, facilitate learning through various modes and develop competencies for leadership roles and create an internal pipeline of talent that helps in building a future-ready organisation. The Company has an excellent track record of

harmonious industrial relations. This is built on the foundations of mutual trust and co-operation which has helped sustain organisation's productivity levels.

### DIVERSITY & INCLUSION

The Organisation put emphasis on practicing diversification in inducting different types of people



in its periphery with an aim to promote diversity and inclusion at the workplace as it makes all employees to feel accepted, valued and happy. For us, a happy and engaged employee is an asset to the Company translating into lower turnover rates. The organisation acknowledges holidays of all cultures and leave calendars are designed by respecting the same.

### **BUILDING CAPABILITY**

Anticipating future skill requirements and developing them is the key to the Company's long-term sustainability. Himadri continues to invest in job enrichment, skill enhancement, Research and Development, marketing and a collaborative program for employees. This enables its people to better understand the needs of the customers.

Cascading of organisational goals using the management by objectives helps to bring in role clarity and alignment at all levels. This, in turn, creates an empowering work environment. The Company provides opportunities for its employees to explore career mobility options within the organisation or the Himadri Group. There is also an exposure to latest technology and forums for networking, to help strengthen the employees' subject matter expertise.

### **REWARDING BY RECOGNISING**

With the history of rewarding people with proper recognition is something that comes naturally to Himadri from ages. The organisation believes the contribution made by its members towards its journey has to be recognised and rewarded as part of the gratifications process. The employees are rewarded by the

organisation on its foundation day, in the presence of their family members. We acknowledge the creativity of our employees' children and design our Annual Calendar solely by their artwork.

### **DIGITISATION OF THE PROCESSES**

The Company's focus to transform all the Employee Life Cycle processes through a digitised platform enabling its employee to have ease of access of policies and processes while as an employer promoting E-Onboarding, Performance Management, E-Learning practices for better managed processes across all locations and eliminate process delay to enhance efficiency and aiming paperless workplace in the long run.

### **Himadri's response to COVID-19**

The country wide lockdown imposed to prevent and contain the spread of Covid-19, was welcomed by Himadri. All the plants/offices saw a temporary shut down in late March 2020 and were partially re-opened at some locations after obtaining requisite government approvals. Adapting to the new normal, the Company successfully implemented 'Work From Home (WFH) policy for all the administrative staffs. Currently all the plants/offices have opened up and are operating with all safety norms and reduced manpower.

Post resumption of operations the Company adheres to the guidelines, for social distancing, provided by Ministry of Home Affairs. We also abide by the various directives issued by relevant state government authorities and has put in place safety measures including:

- Thermal screening of all employees and visitors;
- Sanitisation of premises and vehicles on regular basis;
- Maintenance of social distancing at all work places;
- Adoption of 'No Mask No Entry' policy
- Educating employees to wash their hands regularly;
- Avoiding large groups or gatherings at work places;
- Requesting all employees to install Aarogya Setu App;
- Restricting employees with any symptoms of cold or fever to attend office;
- Avoiding all the non-essential visitors at work place;
- Conducting regular awareness programs for the employees;
- Functioning through audio-video conferencing calls for all its internal and external meetings.

## ENVIRONMENT, HEALTH AND SAFETY MEASURES

Himadri is driven by the philosophy that is focused on no harm to people, assets and natural resources. 'Safety' is one of the core values at Himadri. There is an unwavering commitment to the continuous improvement of the organisation's safety performance. Benchmarking with the companies that are best in the business, the Company is committed to continuously employing world-class Safety, Health and Environment practices.

Himadri considers health and safety of its employees as an essential and integral part of all activities. Accidents and risks to health are prevented through the continual improvement in the working environment and safety measures. All employees are covered by health insurance policies.

The Company is committed towards protecting the environment, ensuring a safe workplace and conserving natural resources. Himadri has established a safety, health and environment committee to ensure security and safety within and in the vicinity of its facilities. To strengthen our safety-first attitude, upgradation of safety systems including implementation of fire detection system was carried out.

The internal committee of the Company provides a valuable direction and guidance to the management to ensure that safety and sustainability implications are duly addressed in all new strategic initiatives, budgets, audit actions and improvement plans. They also monitor and review reports monthly and quarterly on safety, environment and health performance including policy and legal compliances.

Himadri is subjected to various environmental laws and regulations. These laws are

applicable to the production, use and sale of chemicals, emissions into the air, discharges into waterways and other releases of materials into the environment. Along with these, it is also applicable to the generation, handling, storage, transportation, treatment and disposal of waste material.

We are committed to safe and lawful operation of our facilities with respect to the manufacturing and distribution of products. Being a responsible corporate, we have invested and undertaken eco-friendly measures to make our facilities become a 'Zero Discharge plant'. It ensures control of all forms of discharge - solid, liquid or gas. The Company also consciously increased its green cover by planting over 5000 saplings.

Sustained efforts in this direction have resulted in the Company being bestowed by Awards of Excellence in both, Safety and Environment by the Greentech Foundation.







To sensitise employees on key health risks, health talks and seminars by leading subject matter experts were organised. Reaffirming that prevention is better than cure, medical check-ups were organised for the benefit the entire workforce. Yoga and

physiotherapy sessions were held to promote the overall well-being of the individual.

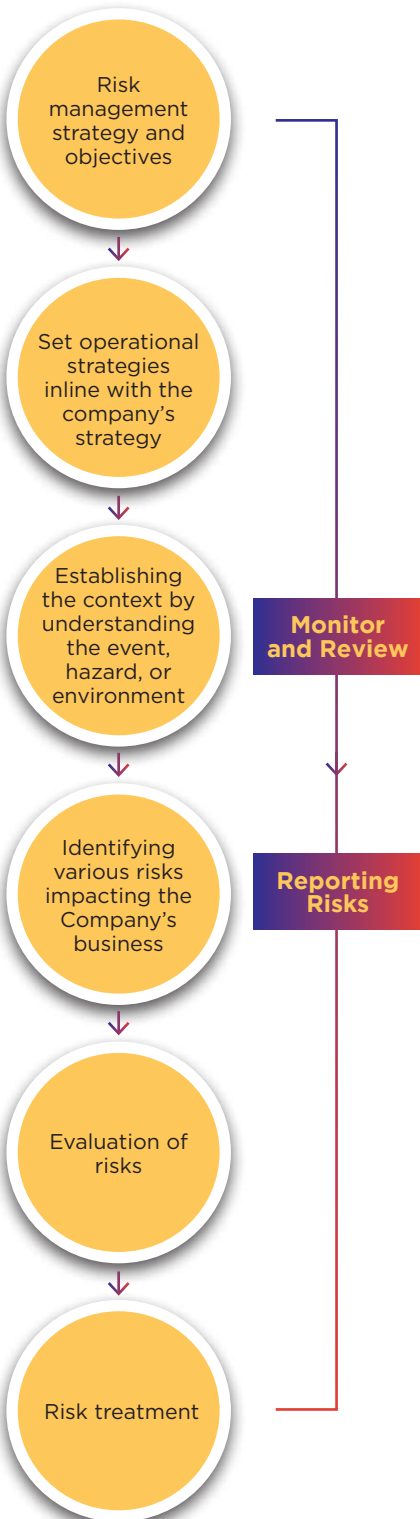
To ensure the safety of women employees, we have launched an app-based 'Safety device' for all female colleagues and handed over to them during the

last Women's day celebration. The mechanism of the device is to generate alert to the person's emergency contact and the nearby police station.



## RISK MANAGEMENT

Himadri realises that risk is inherent to all its business activities. The Company has a well-established risk management framework that helps it remain resilient. Risk analysis along with their mitigation is critical in the ever-changing environment that the Company operates in.



## Risks and Response

### RAW MATERIAL

#### Risk

The Company operates in an uncertain environment. Its regular business operations may be impacted through unavailability of raw material and fluctuating price of the same.

#### Response

Being a major player in the industry, the Company maintains an adequate stock level of key raw materials to not get affected by the unavailability of the raw material, hence ensuring smoother flow of operations.

### ENVIRONMENTAL SUSTAINABILITY

#### Risk

The industry that the Company operates in, is accountable for its impact on the environment. The chemical industry is not only held responsible for meeting the environmental norms, but it is also accountable for delivering societal value.

#### Response

The Company complies with all the required environmental acts and regulations. It has also made significant investments towards eco-friendly measures which are helping the Company make its facilities 'Zero Discharge' in nature.

### COMPETITION RISK

#### Risk

The chemical industry is intensely competitive, comprising large number of manufacturers. The risk emerges when the Company does not initiate timely action against the underlying opportunity.

#### Response

The Company remains aware of emerging opportunities in the chemical space and proactively responds to the same by

continuously adding new products to its portfolio. The Company's largest integrated production facility and its proximity to the clients' manufacturing facility helps it become the strategic vendor to client while also remaining competitive in the market.

### DEPENDENCY RISK

#### Risk

Being dependent on specific industries like aluminium and graphite, any downfall in these industries would in turn lead to downfall in the Company's margins.

#### Response

Himadri caters a wide range of industries and application base. As these application industries form an essential part of any economy, the demand for these products remains largely inelastic.

### MARKET PRESENCE

#### Risk

Himadri operates in a highly competitive industry with a number of other manufacturers that produce competing products, both in India and internationally. With a strategic facility location, a Company's presence in the market is also crucial.

#### Response

The Company has set up 8 facilities, marking its presence across 5 Indian states from East to West. The Company operates a fully-dedicated fleet of over 170 tankers to ensure timely delivery and procurement. This presence has reaped goodwill for the Company in the respected industry. Several aluminium and graphite companies in India have been customers of Himadri for more than past 20 years.



## INDUSTRIAL RELATIONS

Industrial relations form an integral part of any manufacturing firm. The Company maintains open communication channels with the workforce and keeps them engaged with its objectives towards attainment of healthy employer-employee relationship. This helps in swiftly continuing our operations without conflicts between the labours and the Company's management. The Company follows different programs for the development of skills among employees at different levels. This provides a friendly environment to work in. Industrial relations at the offices continued to be cordial through the adoption of productive and performance-based policies. The policies are further focused to develop and benefit the talent and simultaneously protecting organisational interest.

## SOCIAL WELFARE ACTIVITIES

Himadri is committed to contribute towards human development. It is dedicated to serve the surrounding communities of the areas it closely

works with through initiatives in education, healthcare, and women empowerment.

During the year 2019-20, the Company undertook the following CSR activities:

- Distributed free books to the needy school/college students at the commencement of annual academic session
- Felicitated and appreciated meritorious village school students through awards and annual prizes
- Organised free eye check-up camps
- Conducted free village medical centres throughout the year, at Mahistikry and Belechonga villages, Hooghly
- Conducted a free skill training centre for tailoring for the needy village women
- Arranged and distributed free food and clothes/blankets at various locations during the year and during festive seasons to help the needy villagers
- Developed a green belt around the Company's plant to protect the environment





The CSR arm of Himadri helps the economically weaker sections (EWS) of the society, in proximity to manufacturing facility of Mahistikry, West Bengal. It has undertaken the following projects as part of the CSR activities for uplifting rural development:

- Construction of *pukka* houses in place of *kuccha* houses
- Setting up of rural electrification facility
- Setting up of drainage system
- Setting up of water supply tanks
- Setting up of water pipelines network connecting to the villages

The Company, through its CSR activities, has always focused on efforts that can substantially impact the well-being of the disadvantaged segments of the population. The endeavour is to have a comprehensive approach that is meaningful and with a long-term focus to ensure scalability. The Company has been continuously focused on providing social benefits to the society in its true sense.

While the whole world was facing disruption in every aspect of life due to Covid-19, we at Himadri with manufacturing facilities spread across different geographies in India, did our every bit in ensuring least impact on our surrounding communities. We have always believed in keeping CSR activities predominantly at our forefront and stand by the underprivileged in their hours of need.

Even during this unprecedented national crisis, we took this responsibility to ensure that no individual in our proximity remains starved during the lockdown period.



With our dedicated CSR team we were able to reach hundreds of villages of Hooghly district to distribute staple food and vegetable to all the households.

Along with the distribution, our team also educated people on precautions to arrest the spread of Covid-19.

# 6,359

HOMEOPATHY TREATMENT

# 457

ACUPUNCTURE TREATMENT

# 1,821

EYE TREATMENT

# 1,230

SPECTACLES DISTRIBUTION

# 374

PATHOLOGICAL INVESTIGATION



## STATUTORY COMPLIANCE

The Company Secretary, as the compliance officer, ensures that the Company complies with SEBI regulations and provisions of the Listing Regulations. The Chief Financial Officer, the Chief Executive Officer and the Managing Director act as Compliance Officers for the prevention of insider trading. With a view to cover the risk of compliance with various rules and regulations of the Companies Act, SEBI directives and the Listing Regulations, the Company has appointed Internal Auditors to ensure reporting of any potential non-compliance. The Compliance certificates are obtained from

various managerial personnel, ensuring compliance to various statutes.

## Internal Control System

At Himadri, the Board of Directors are responsible for ensuring and laying down the internal financial controls. It is also responsible for evaluating their adequacy and efficacy. Himadri has policies, procedures, control frameworks and management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory

compliance and appropriate recording of financial and operational information.

The senior management reviews and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the Code of Conduct and the Company's policies for which they are responsible. It also looks after compliance to established procedures relation to financial or commercial transactions, where they have a personal interest or potential conflict of interest, if any. Himadri uses the services of independent internal auditors to strengthen the internal controls process. There are well-established and comprehensive internal control systems processes, rules, policies and procedures for effective monitoring and control of the entire Company operations and its subsidiaries.

The audit plan is approved by the Audit Committee, which reviews compliance to the plan. During the year, the Audit Committee met regularly to review reports submitted by the Auditors. All significant audit observations and follow-up actions thereon were reported to the Audit Committee.

The Audit Committee also met the Company's statutory auditors to ascertain their views on financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee.

## Board's Report

### Dear Shareholders,

Your Directors have the pleasure of presenting their report as a part of the 32<sup>nd</sup> Annual Report of your Company ("the Company" or "HSCL"), together with the Audited Financial Statements and the Auditors' Report thereon for the financial year ended 31 March 2020.

### 1. FINANCIAL RESULTS

The financial results of the Company for the financial year ended 31 March 2020 are summarized below:

Sl. No.	Particulars	Amount in ₹ Lakhs			
		Standalone		Consolidated	
		2019-20	2018-19	2019-20	2018-19
<b>I.</b>	<b>Revenue from operations</b>	<b>180,349.85</b>	237,661.90	<b>180,580.03</b>	242,238.66
<b>II.</b>	<b>Other income</b>	<b>496.82</b>	1,409.52	<b>798.50</b>	776.52
<b>III.</b>	<b>Total income (I + II)</b>	<b>180,846.67</b>	239,071.42	<b>181,378.53</b>	243,015.18
<b>IV.</b>	<b>Expenses</b>				
	Cost of materials consumed	<b>120,806.34</b>	160,371.13	<b>127,343.03</b>	161,758.90
	Changes in inventories of finished goods and work-in-progress	<b>1,433.98</b>	(1,590.28)	<b>(4,963.76)</b>	(1,718.27)
	Employee benefits expense	<b>7,325.02</b>	5,812.42	<b>7,433.34</b>	5,956.17
	Finance costs	<b>5,452.13</b>	7,057.16	<b>5,491.35</b>	7,105.25
	Depreciation and amortisation expense	<b>3,668.01</b>	3,253.26	<b>3,924.38</b>	3,443.44
	Other expenses	<b>22,386.30</b>	19,238.29	<b>22,735.67</b>	20,255.92
	<b>Total expenses (IV)</b>	<b>161,071.78</b>	194,141.98	<b>161,964.01</b>	196,801.41
<b>V.</b>	<b>Profit before exceptional items and tax (III-IV)</b>	<b>19,774.89</b>	44,929.44	<b>19,414.52</b>	46,213.77
<b>VI.</b>	<b>Exceptional Items</b>	<b>(12,798.65)</b>	-	-	-
<b>VII.</b>	<b>Profit before tax (V-VI)</b>	<b>6,976.24</b>	44,929.44	<b>19,414.52</b>	46,213.77
<b>VIII.</b>	<b>Tax expenses</b>				
	Current tax	<b>3,470.49</b>	9,683.00	<b>3,470.49</b>	9,683.00
	Deferred tax	<b>(4,591.90)</b>	4,107.24	<b>(4,591.88)</b>	4,107.22
<b>IX.</b>	<b>Profit for the year (VII-VIII)</b>	<b>8,097.65</b>	31,139.20	<b>20,535.91</b>	32,423.55

### 2. PERFORMANCE HIGHLIGHTS

#### i) Financial Performance - Standalone

The Company achieved total Revenue from Operations of ₹ 180,349.85 lakhs for the year ended 31 March 2020 as against ₹ 237,661.90 lakhs for the year ended 31 March 2019 represented a decrease of 24.11% because of decrease in sales volume, decrease in average realization and due to write down in inventory. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income was ₹ 29,807.14 lakhs as compared to ₹ 53,830.34 lakhs for the previous year. EBITDA for the year decreased by 44.63% due to decrease

in sales volume, decrease in EBITDA per MT and because of decline in sales realization. Sales realization was impacted due to slowdown in demand in aluminium, graphite electrode, tyre and automobile sectors. During the financial year 2019-20, the Company earned a profit after tax of ₹ 8,097.65 lakhs as compared to ₹ 31,139.20 lakhs in the previous year.

#### ii) Financial Performance - Consolidated

On consolidated basis, the total revenue from operations in the financial year 2019-20 decreased by 25.45% to ₹ 180,580.03 lakhs from ₹ 242,238.66 lakhs in the previous year because of decrease in sales volume,



## Board's Report (Contd.)

decrease in average realization and due to write down in inventory. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income, was ₹ 29,446.48 lakhs as compared to ₹ 56,254.49 lakhs for the previous year. EBITDA for the year decreased by 47.65% due to decrease in sales volume, decrease in EBITDA per MT and because of decline in sales realization. Sales realization was impacted due to slowdown in demand in aluminium, graphite electrode, tyre and automobile sectors. During the financial year 2019-20, the Company earned a profit after tax of ₹ 20,535.91 lakhs as compared to ₹ 32,423.55 lakhs in the previous year.

### 3. NOVEL CORONAVIRUS (COVID-19)

In the last month of financial year 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. To ensure the safety and well-being of employees and all stakeholders and to prevent & contain the spread of COVID-19, your Company decided to temporarily close its manufacturing operations and offices in India with effect from 23 March 2020 till 31 March 2020. The Government extended the lockdowns from time to time, also issued several guidelines and SOP to resume some essential services. The Company resumed its operations to ensure business continuity in the continuously evolving situation out of the COVID-19 outbreak, within the guidelines issued by the Government and health authorities. Several measures have been taken to protect the safety, health and well-being of all employees, which remains on the top priority. As of 31 March 2020, work from home was enabled to work remotely and securely.

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 and expects to recover the carrying

amount of all its assets including inventories, receivable, investments and other financial and non-financial assets in the ordinary course of business based on the internal and external information available upto the date of approval of these standalone financial results. The Company is continuously monitoring any material changes in future economic conditions.

### 4. DEBENTURE REDEMPTION RESERVE (DRR)

In terms of Section 71(4) of the Companies Act, 2013 the Company has transferred a sum of ₹ 214.28 lakhs (previous year: ₹ 428.56 lakhs) to the credit of Debenture Redemption Reserve out of its current profits for the purpose of redemption of Non-Convertible Debentures issued by the Company.

### 5. DIVIDEND

In terms of Dividend Distribution Policy of the Company, the Board of Directors of the Company ('the Board') has recommended a dividend of ₹ 0.15 per equity share on 418,807,782 equity shares of face value ₹ 1/- each for the year ended 31 March 2020 (Dividend for financial year 2018-19 @ ₹ 0.15/- per equity share on 418,609,806 equity shares of ₹ 1/- each) out of its' current profits, subject to the approval of Members at the ensuing Annual General Meeting (hereinafter referred as 'AGM') of the Company. The Dividend payout for the year was ₹ 756.98 lakhs (previous year: ₹ 504.41 lakhs).

The said policy has been annexed to this report as **Annexure I** and also available on the website of the Company at [www.himadri.com](http://www.himadri.com) at the link.

[https://www.himadri.com/pdf/corporate\\_governance/dividend\\_distribution\\_policy.pdf](https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf)

The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of payment of dividend for the financial year ended 31 March 2020 and the AGM. Book closure date has been indicated in the notice convening AGM, which forms part of the Annual Report.

## Board's Report (Contd.)

### 6. SUBSIDIARIES

The Company has two subsidiary Companies 1) AAT Global Limited in Hong Kong in which the Company holds 100% equity, 2) Shandong Dawn Himadri Chemical Industry Ltd ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

A report on the performance and financial position of each of the aforementioned subsidiaries as per provisions of sub section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC-1 is annexed to this report as **Annexure II**.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company [www.himadri.com](http://www.himadri.com)

- **Names of Companies which become or ceased to be its Subsidiaries, Joint Ventures or Associates**

During the financial year 2019-20, Company's wholly owned Indian Subsidiary Company, Equal Commodeal Private Limited ('ECPL') merged with its Holding Company pursuant to the order of the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, dated 14 October 2019. No Company other than above has become or ceased to be a subsidiary or joint venture or associates of the Company.

### 7. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Indian Accounting Standards (IND AS) 110 - "Consolidated Financial Statements" as notified by Ministry of Corporate Affairs and as per the general instruction for preparation of consolidated financial statements given in Schedule III of the Companies Act, 2013 and in compliance with the SEBI Listing Regulations, the Company has prepared

Consolidated Financial Statements. The Audited Consolidated Financial Statements along with the Auditors' Report thereon forms part of the Annual Report.

### 8. WINDMILLS

During the financial year 2019-20, the windmills at Dhule in Maharashtra generated 3,141,580 kwh units of wind energy as compared to 4,045,006 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹ 95.82 lakhs as compared to ₹ 212.97 lakhs in previous year. The revenue decreased due to less unit generation as well as reduction in selling rate per unit.

### 9. WORKING CAPITAL

The Company continued to enjoy working capital facilities under multiple banking arrangements including Axis Bank Limited, Bank of Baroda, Central Bank of India, Citi Bank N.A., DBS Bank India Limited, The Federal Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, IDFC First Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, Qatar National Bank (Q.P.S.C.), RBL Bank Limited, Standard Chartered Bank, State Bank of India and Yes Bank Limited. The Company has been regular in servicing these debts.

### 10. REVISION OF CREDIT RATING

The Company has obtained Credit Rating of its various credit facilities and instruments from ICRA Limited and also from CARE Ratings Limited. The details about the rating assigned by the agencies is clearly elaborated in the Corporate Governance report forming part of the Annual Report.

### 11. CAPITAL EXPENDITURE

During the financial year 2019-20, the Company incurred capital expenditure on account of addition to fixed assets aggregating to ₹ 24,760.63 lakhs (including Capital Work In-Progress and capital advances).

## Board's Report (Contd.)

### 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013, Mr. Bankey Lal Choudhary (DIN: 00173792) and Mr. Shyam Sundar Choudhary (DIN: 00173732), the Executive Directors of the Company will retire from the office by rotation, and being eligible, offers themselves for re-appointment.

During the financial year 2019-20, Ms. Sucharita Basu De (DIN: 06921540) has been appointed as Independent Director for a term of 5 (five) years. Mr. Santimoy Dey (DIN: 06875452) and Mr. Hanuman Mal Choraria (DIN: 00018375) have been re-appointed as an Independent Director for a second consecutive term of 5 (five) years by means of passing Special Resolutions at the last Annual General Meeting of the Company. Mr. Bankey Lal Choudhary (DIN: 00173792) has been re-appointed as Whole-time Director and has also been re-designated as Chairman of the Company for five years, Mr. Anurag Choudhary (DIN: 00173934) has been appointed as Managing Director & Chief Executive Officer, Mr. Amit Choudhary (DIN: 00152358) and Mr. Tushar Choudhary (DIN: 00174003) have been appointed as Whole-time Director for a period of five years by means of passing Special Resolutions at the last Annual General Meeting of the Company.

Ms. Rita Bhattacharya (DIN: 03157199), the Nominee of LIC of India has resigned from the Board of Directors of the Company w.e.f. 8 January 2020 and Mr. Suryakant Balkrishna Mainak (DIN: 02531129), Independent Director has resigned from the Board of Directors of the Company w.e.f. 15 February 2020. Your Directors place on record their appreciation for the services rendered by Ms. Bhattacharya and Mr. Mainak.

During the financial year 2019-20, there was also change in Key Managerial Personnel of your Company. Mr. Bajrang Lal Sharma, Company Secretary & Compliance Officer has retired w.e.f. closing business hours of 14 February 2020. Your

Directors place on record their appreciation for the services rendered by Mr. Sharma. The Board has appointed Ms. Monika Saraswat as Company Secretary & Compliance Officer w.e.f. 15 February 2020.

The Board met 5 (Five) times during the financial year 2019-20 with the maximum time gap not exceeding 120 days in between two consecutive meetings.

The constitution of the Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

*The brief resume and other details relating to the Directors, who are to be appointed / re-appointed as stipulated under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, are provided in the Notice of Annual General Meeting forming part of the Annual Report.*

The number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Whereas the SEBI Listing Regulations inter-alia provides that the top 500 listed companies with effect from 1 April 2019 shall have at least one woman director to act as Independent Director. Since the Company has been falling within the list of top 500 Companies (Listed), accordingly it was required to appoint Woman Independent Director. Hence, Ms. Sucharita Basu De, has been appointed as an Independent Woman Director with effect from 1 April 2019.

### 13. DECLARATION FROM INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given necessary declaration of their Independence to the Board as stipulated in Section 149(6) of the Companies Act, 2013 as required in terms of Section 134(3) (d) of the Companies Act, 2013.

In the opinion of the Board, all the Independent Directors appointed during the year fulfils the



## Board's Report (Contd.)

conditions specified in the Act with regard to integrity, expertise and experience (including the proficiency) of the Independent Director and are independent of the management. All the Independent Directors have registered themselves in the data bank as provided in Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended.

### 14. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments that occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

### 15. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, and as per Schedule II Part C(A)(4)(a) of the SEBI Listing Regulations, your directors confirm that:

- a. In the preparation of the annual accounts for the year ended 31 March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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 such internal financial controls are adequate and are operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

### 16. NOMINATION & REMUNERATION POLICY

The Company, pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) read with Part D of Schedule-II of the SEBI Listing Regulations, has a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and Senior Management which inter-alia provides for the diversity of the Board and provides the mechanism for performance evaluation of the Directors and the said policy was amended from time to time and may be accessed on the Company's website at the link. [https://www.himadri.com/pdf/corporate\\_governance/nomination\\_remuneration\\_policy\\_june2018.pdf](https://www.himadri.com/pdf/corporate_governance/nomination_remuneration_policy_june2018.pdf)

### 17. LOANS, INVESTMENTS AND GUARANTEE

The Company had made investments in equity shares and given loans and advances to its wholly owned subsidiary, AAT Global Limited ('AAT'), Hongkong. AAT, in turn, invested in equity shares and had given loans and advances to its subsidiary, Shandong Dawn Himadri Chemical Industry Ltd ('SDHCIL'), China. There has been shortfall in the business performance of both AAT and SDHCIL compared with budgets and further changes in the technology, market, economic environment have adverse impact on the value of the investments and recoverability of loans and advances given. Due to the on-going size of operations and cost-benefit trend, both AAT and SDHCIL have been incurring losses and their net worth are fully eroded. Accordingly, the Company's investments in equity shares of AAT, amounting to ₹ 52.45 crores, has been fully impaired and loans and advances given to AAT, amounting to ₹ 75.54 crores, have been fully

## Board's Report (Contd.)

provided for as at 31 March 2020. However, the details of Loans, investments made, or guarantee given and subsisting as on the close of the financial year 2019-20 are provided in the notes to the financial statements.

### 18. EXTRACTS OF THE ANNUAL RETURN

The extract of Annual Return for the financial year ended on 31 March 2020, as required pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form No. MGT-9 is annexed herewith and marked as **Annexure III** and may be accessed on the Company's website at the link: <https://www.himadri.com/>

### 19. PARTICULARS OF REMUNERATION OF MANAGERIAL PERSONNEL AND EMPLOYEES AND RELATED DISCLOSURE

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are annexed herewith and marked as **Annexure IV** and **Annexure V** respectively forming part of this Report.

### 20. RISK MANAGEMENT (RISK ASSESSMENT AND MINIMIZATION PROCEDURE)

The Company has a Policy on Risk Management (Risk Assessment and Minimization Procedure) to identify various kinds of risk in the business of the Company. The Board and the Senior Management review the policy from time to time and take adequate steps to minimize the risk in business. There are no such risks, which, in the opinion of the Board, threaten the existence of your Company. However, some of the risks which are inherent in business and type of industry in which it operates are elaborately described in the Management Discussion and Analysis forming part of this Report.

During the year, the Company has constituted Commodity Committee to establish the business strategy and objectives for risk management activities, acceptable risk appetite, approve policy and procedures and monitor and enforce compliance with the policy and procedures.

### 21. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls adopted and followed by your Company are adequate and are operating effectively which the Audit Committee and Board reviewed from time to time. The Board observed that during the financial year 2019-20, no material observations have been received from the Internal Auditors of your Company regarding inefficiency or inadequacy of such controls. The Company has tested its controls and the same are effectively working.

### 22. EMPLOYEE STOCK OPTION PLAN (ESOP)

Your Company has adopted the Himadri Employee Stock Option Plan ("ESOP 2016") for granting of options to eligible employees of your Company as approved by the Members of your Company at the 28<sup>th</sup> Annual General Meeting held on 24 September 2016. The applicable disclosures as required under the SEBI Guidelines as amended and the details of stock options as at 31 March 2020 under the ESOP 2016 are set out in the attached **Annexure VI** and the same forms part of the report.

### 23. AUDITORS AND AUDITORS' REPORT

#### • Statutory Auditors

M/s B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W/W-100022) the Statutory Auditors of the Company were re-appointed at the Annual General Meeting held on 22 September 2017 for second term of five years commencing from the conclusion of the 29<sup>th</sup> Annual General Meeting till the conclusion of the 34<sup>th</sup> Annual General Meeting to be held for the financial year 2021-22, subject to ratification of the appointment at every Annual General Meeting.

## Board's Report (Contd.)

In accordance with the Companies (Amendment) Act, 2017 with effect from 7 May 2018, the ratification of appointment of Statutory Auditors at every Annual General Meeting has been done away with, therefore, the necessary resolution seeking consent of the Members for ratification of appointment of statutory auditors will not be placed at the ensuing Annual General Meeting of the Company.

The reports given by the Auditors, M/s B S R & Co. LLP., Chartered Accountants on the standalone and consolidated financial statements of the Company for the year ended 31 March 2020 form part of this Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Reports. The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Companies Act, 2013.

- **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board appointed M/s MKB & Associates, Practising Company Secretaries (P2010WB042700), to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report, pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31 March 2020 is given in **Annexure VII** attached hereto and forms part of this Report.

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

- **Cost Auditor**

Pursuant to Section 148 of the Companies Act, 2013 (the Act) read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the Board of Directors at its meeting held on 21 July 2020, and upon recommendation of the Audit Committee,

appointed Mr. Sambhu Banerjee, Cost Accountant, as Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21. The Company has received necessary consent from Mr. Sambhu Banerjee, Cost Accountant, to act as the Cost Auditor of the Company for the financial year 2020-21 along with the certificate confirming that his appointment would be within limit as applicable.

As required under the Act, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company at the ensuing Annual General Meeting. Accordingly, a resolution seeking approval of Members for ratification of payment of remuneration is included in the Notice convening the Annual General Meeting of the Company.

The Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

### 24. MAINTENANCE OF COST RECORDS

The Company is maintaining cost records as specified by the Central Government under Section 148 (1) of the Companies Act, 2013.

### 25. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism / Whistle Blower Policy in terms of Section 177 of the Companies Act, 2013 and as per Regulation 22 of the SEBI Listing Regulations for the employees to report their grievances / concerns about instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct by means of Protected Disclosure to the Vigilance Officer or the Chairman of the Audit Committee. The vigil mechanism / whistle blower policy may be accessed on the Company's website at the link. [https://www.himadri.com/pdf/corporate\\_governance/vigil\\_mechanism\\_himadri\\_amended\\_wef18-03-2020.pdf](https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf)



## Board's Report (Contd.)

### 26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo for the financial year 31 March 2020, as required to be given pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is annexed herewith and marked as **Annexure VIII** forming part of this Report.

### 27. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions in terms of Regulation 23 of the SEBI Listing Regulations and the said Policy is posted on the website of the Company. The disclosure of material related party transactions entered in ordinary course of business during the financial year 2019-20 as required to be made under Section 134(3)(h) read with Section 188 (2) of the Companies Act, 2013 in form AOC-2 is given in **Annexure IX** forming part of this report.

### 28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board in compliance with the provisions of Section 135(1) of the Companies Act, 2013 and rules made thereunder has a Committee to be known as CSR Committee constituted by Mr. Santimoy Dey, Independent Non-executive Director, Mr. Sakti Kumar Banerjee, Independent Non-executive Director and Mr. Shyam Sundar Choudhary, Executive Director of the Company as its members. The CSR policy has been placed on the website of the Company and can be accessed through the link: [https://www.himadri.com/pdf/corporate\\_governance/policy\\_on\\_corporate\\_social\\_responsibility.pdf](https://www.himadri.com/pdf/corporate_governance/policy_on_corporate_social_responsibility.pdf)

During the financial year 2019-20, the Company was required to expend a sum of ₹ 839.39 lakhs towards CSR expenditure pursuant to Company's CSR Policy, however, the Company could expend a sum of ₹ 113.68 lakhs and there was a shortfall of ₹ 725.71 lakhs.

The Company's key objective is to make a difference to the lives of the underprivileged and help them to bring a self-sustaining level. There is a deep commitment to CSR engagement.

The Company has chosen couple of CSR projects on rural development such as constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and the same are under process.

For this reason during the year, the Company's spend on the CSR activities has been less than the limits prescribed under the Companies Act, 2013.

The Company, through its CSR activities, has always focused on efforts that can substantially impact the well-being of the disadvantaged segments of the population. The endeavor is to have a comprehensive approach that is meaningful and with a long-term focus to ensure scalability. The CSR Committee has been continuously focused on providing social benefits to the society in its true sense and the shortfall will be added to the CSR expenditure for the current financial year.

The Annual Report on CSR activities in terms of Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith and marked as **Annexure X** forming part of this report.

### 29. ANNUAL EVALUATION OF THE MEMBERS OF THE BOARD

The Board, upon recommendation of the Nomination and Remuneration Committee and as per the criteria and manner provided for the annual evaluation of each member of the Board and its Committees, has evaluated the performance of the entire Board, its Committees and individual directors. All the members of

## Board's Report (Contd.)

the Board and its Committees met the criteria of performance evaluation as set out by the Nomination and Remuneration Committee.

### 30. PUBLIC DEPOSIT

During the financial year 2019-20, the Company has not accepted any deposits from public within the meaning of Section 73 and Section 74 of the Companies Act, 2013, therefore the disclosure pursuant to Rule 8 (5)(v) & (vi) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

### 31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There were no significant and material orders passed by any Regulatory authority or Courts or Tribunals impacting the going concern status and Company's operation in future, therefore the disclosure under Rule 8 (5)(vii) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

### 32. TRANSFER OF UNCLAIMED DIVIDEND TO IEPF

During the financial year 2019-20, the Company pursuant to provision of Section 124 of the Companies Act, 2013 has transferred a sum of ₹ 499,072 to the Investor Education & Protection Fund, the amount of dividend which was unclaimed/unpaid for a period of seven years for the financial year 2011-12. The Company sends reminder letters to the Shareholders from time to time for claiming their unpaid dividend.

### 33. TRANSFER OF UNCLAIMED SHARES TO IEPF

During the financial year 2019-20, the Company pursuant to the provisions of Section 124(6) of the Companies Act, 2013 has transferred 199,319 unclaimed shares of 170 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more to the credit of IEPF Authority as prescribed in Section 125 of the Companies Act, 2013 in DEMAT Account No:

IN300708/ CL-ID: 10656671 through National Securities Depository Limited (NSDL).

### 34. CORPORATE GOVERNANCE

In terms of the provisions of Regulation 34(3) of the SEBI Listing Regulations, the Corporate Governance Report together with a certificate from a Practising Company Secretary confirming compliance, is annexed herewith and marked as **Annexure XI** forming part of this report.

### 35. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Schedule V of the SEBI Listing Regulations forms an integral part of the Annual Report.

### 36. BUSINESS RESPONSIBILITY REPORT (BRR)

The Business Responsibility Report (BRR) of the Company as required pursuant to the Regulation 34 (f) of the SEBI Listing Regulations is annexed herewith and marked as **Annexure XII** forming part of this report and the same is also available at Company's website at [www.himadri.com](http://www.himadri.com)

### 37. LISTING ON STOCK EXCHANGES

The Company's 418,807,782 equity shares of ₹ 1/- each are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has remitted the listing fee to these stock exchanges, up to date.

The Non-Convertible Debentures (NCD) issued by the Company on private placement basis aggregating ₹ 15,000 lakhs are listed at BSE and the Company has been regular in the remittance of the listing fee to the concerned exchange for such debentures. The Non-Convertible Debentures (NCD) are due for redemption during the financial year 2020-21.

The Commercial paper issued on private placement during the year was listed at BSE and has been redeemed on due date.

### 38. DEMATERIALISATION OF SHARES

There were 415,216,940 equity shares of the Company held by the shareholders in

## Board's Report (Contd.)

dematerialised form as on 31 March 2020, representing 99.14% of the total paid-up share capital of the Company consisting of 418,807,782 equity shares of ₹ 1/- each.

The Company's equity shares are compulsorily required to be traded in dematerialised form; therefore, Members are advised to speed up converting the physical shareholding into dematerialised form through their DP(s).

### 39. E-VOTING FACILITY AT AGM

In terms of Regulation 44 of SEBI Listing Regulations and in compliance with the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 and 21(1) (a) to (h) of the Companies (Management and Administration) Rules, 2014 (as amended), the items of business specified in the Notice convening the 32<sup>nd</sup> Annual General Meeting of the Company may be transacted through electronic voting system and for this purpose the Company is providing e-voting facility to its' Members whose names will appear in the register of members as on the cut-off date (fixed for the purpose), for exercising their right to vote by electronic means through

the e-voting platform to be provided by NSDL. The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

### 40. INTERNAL COMPLAINT COMMITTEE

The Company has an Internal Complaint Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder which were notified on 9 December 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

During the financial year 2019-20, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the year.

### 41. DEBT SECURITIES

The details of listing of Non-Convertible Debentures issued by the Company are given here below:

<b>Name</b>	Privately placed 25,00,000 Secured 10.00% p.a. Redeemable Non-Convertible Debentures of face value of ₹ 400/- each aggregating to ₹ 100 Crores	Privately placed 500 Secured 12.50% p.a. Redeemable Non-Convertible Debentures of face value of ₹ 10,00,000/- each aggregating to ₹ 50 Crores.
<b>Scrip Code</b>	946887	949610
<b>Issuer Name</b>	HSCL-10%-24-8-20-PVT	HSCL-12.5%-28-10-20-PVT
<b>ISIN</b>	INE019C07023	INE019C07031
<b>Listed</b>	Listed on Debt Market Segment of BSE	Listed on Debt Market Segment of BSE

#### The Contact details of the Debenture Trustee is:

#### Axis Trustee Services Limited

The Ruby, 2nd Floor, SW,  
29, Senapati Bapat Marg, Dadar (West), Mumbai - 400028  
Tel: +91-22-62300451; Fax: +91-22-62300700.

Email: [debenturetrustee@axistrustee.com](mailto:debenturetrustee@axistrustee.com); [complaints@axistrustee.com](mailto:complaints@axistrustee.com);



## Board's Report (Contd.)

The details of Commercial Paper issued during the financial year 2019-20 are given here below:

Sl. No.	Details of CP	Stock Exchange	Listing Code	ISIN Number	Issue Date	Redemption Date
1	1200 units of commercial paper of ₹ 5,00,000/- each, aggregating to ₹ 60 Crores at a discount rate of 6.75% p.a,	BSE Limited	717783	INE019C14508	26-12-2019	24-03-2020
2	1000 units of commercial paper of ₹ 5,00,000/- each, aggregating to ₹ 50 Crores at a discount rate of 6.00% p.a	BSE Limited	718646	INE019C14516	27-03-2020	25-06-2020

### 42. AWARDS & RECOGNITIONS

The Company has been recognised for Awards & Achievements as follows:

- Recognized as the Fastest Growing Company in ET Bengal Corporate Awards 2020;
- Identified as Growth Champions (Ranked #76) in Economic times-Statista inaugural edition of India's Growth Champions 2020 by Economic Times (2020);
- Gold Award for the Year in Safety Practices by Greentech Foundation;
- Gold Award & Top 100 in International Annual Report Competition 2019 by League of American Communications Professionals LLC (LACP);
- Ranked #1 by Fortune India in their fifth edition of midsize marvels-The Next 500;
- 19<sup>th</sup> Annual Greentech Environment Award 2019 by Greentech Foundation.

### 43. COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### 44. DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, the Corporate Governance Report along with Certificate on

Corporate Governance and the integrated Management Discussion and Analysis including the Business Responsibility Report are attached herewith, and the same forms part of this report. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

### 45. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the continued support and cooperation extended to the Company by its bankers, customers, vendors, suppliers, dealers, investors, business associates, all the stakeholders, shareholders, debenture holders and various departments of the State and the Central Government.

The Directors regret the loss of life due to COVID-19 pandemic, are deeply grateful, and have immense respect for every person who risked their life and safety to fight this pandemic. Your directors appreciate and value the contribution made by every member of Himadri family.

For and on behalf of the Board

Sd/-

**Anurag Choudhary**

Managing Director & Chief Executive Officer

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

Executive Director

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

# Annexure I

## of the Board's Report

### DIVIDEND DISTRIBUTION POLICY

#### 1. PREAMBLE

- 1.1 Pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015, the top five hundred listed companies based on market capitalization (calculated as on March 31 of every financial year) shall require to formulate a dividend distribution policy, which shall be disclosed in their annual report and on their website. Since the Company has been included in the list of top five hundred companies as on March 31, 2018, the Board of Directors (the "Board") of Himadri Speciality Chemical Ltd (the "Company") at its' meeting held on 29 May 2018 has adopted the "Dividend Distribution Policy" of the Company.
- 1.2 The Dividend Distribution Policy (hereinafter referred to as the Policy") have been developed in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- 1.3 Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend.

#### 2. EFFECTIVE DATE

The Policy shall become effective from the date of its approval by the Board i.e. 29 May 2018;

#### 3. DEFINITIONS: UNLESS REPUGNANT TO THE CONTEXT

"**Act**" shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

"**Applicable Laws**" shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations, which provides for the distribution of Dividend.

"**Board**" or "**Board of Directors**" shall mean Board of Directors of the Company.

"**Company**" shall mean Himadri Speciality Chemical Ltd

"**Dividend**" shall mean Dividend as defined in Section 2(35) of the Companies Act, 2013.

"**Key Managerial Personnel**" shall mean Key Managerial Personnel as defined in Section 2(51) of the Companies Act, 2013.

"**Senior Management**" shall mean officers/ personnel of the listed entity who are members of its' Core Management Team excluding board of directors, normally this shall comprise of all members of the management one level below the executive directors, including functional head [Regulation 16(1) (d) of the SEBI (LODR) Regulations, 2015].

"**Policy or this Policy**" shall mean the Dividend Distribution Policy.

"**Rules**" shall mean Companies (Declaration and payment of Dividend) Rules, 2014

"**SEBI Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

"**Subsidiary**" shall mean Subsidiary of the Company as defined in Section 2(87) of the Companies Act, 2013.

#### 4. PURPOSE, OBJECTIVES AND SCOPE

4.1 The Securities and Exchange Board of India ("SEBI") vide its Gazette Notification dated 8 July 2016 has amended the Listing Regulations by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31<sup>st</sup> day of March of every year.

4.2 As the Company is one of the top five hundred companies as on 31 March 2018, the Board has laid down a broad framework for

## Annexure I

### of the Board's Report (Contd.)

distribution of dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

- 4.3 Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in an amendment of any element or the Policy will be regarded as a deviation.
- 4.4 The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for further growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, progressive dividend, which shall be consistent with the performance of the Company over the years.

#### 5. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

##### 5.1 Financial Parameters

The Board of Directors may consider the following financial parameters while recommending any payment of dividend to the shareholders subject to the approval of the shareholders:-

- The Working Capital requirement;
- The requirement of capital expenditure;
- Quantum of consolidated Net Profit after Tax;
- Fund required for acquisition or new line of business/product diversification;
- Contingency requirement of funds;
- Requirement of funds for payment/ repayment/ pre-payment of any outstanding borrowings;
- Consideration of past dividend track record;

- Considering legal requirements, regulatory conditions or restrictions as prescribed under the applicable law rules and regulations including Taxation laws;
- The pay-out ratio of the Companies in the same industry.

##### 5.2 Proposals for major capital expenditures

The Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of the capital asset including any major sustenance, improvement and growth proposals.

##### 5.3 Agreements with lending institutions/ Bondholders/Debenture Trustees

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

##### 5.4 Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

#### 6. INTERNAL & EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR THE DECLARATION OF DIVIDEND

The Board of Directors will consider the various internal and external factors while recommending any payment of Dividend: -

- Past dividend trend;
- Cash flow from Operations;
- Consistency and stability in earnings;
- Future fund requirement for inorganic growth plan and investment opportunities



## Annexure I of the Board's Report (Contd.)

including any investments in subsidiaries/ associates of the Company;

- Leverage of profits and capital adequacy matrix;
- An Outlook of Industry, Business Cycle for the underline business;
- Economic growth and regulatory environment;
- Contingent liabilities;
- Buy-back plan for alternate to the distribution of profit; and
- Any other factor as deemed fit by the Board.

### 7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE LISTED COMPANY MAY OR MAY NOT EXPECT THE DIVIDEND

The shareholders of the Company may not expect the dividend under the following circumstances: -

- Whenever the fund requires for a significant expansion of the project requiring more allocation of capital;
- The requirement of significantly more working capital due to higher capacity utilisation or any other factor which may adversely impact the Cash flow of the Company;
- Proposed to undertake any acquisition, merger, amalgamation or Joint Venture as this may require allocation of additional capital expenditure;
- If Company proposes to utilise its accumulated surplus for buy-back of securities;
- Circumstances under which Company has incurred losses or there is any inadequacy of Profit;
- In the performance of any covenant imposed by any of the Financial Institution, Bank or any Investor/ Investor Group.

### 8. MANNER OF DIVIDEND PAYOUT

The given below is a summary of the process of declaration and payment of dividends and is subject to applicable regulations.

#### 8.1 In case of final dividend

- a. The recommendation, if any, shall be done by the Board, usually in the Board Meeting that considers and approves the annual financial statements, subject to the approval of the shareholders of the Company.
- b. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
- c. The payment of dividend shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

#### 8.2 In case of interim dividend

- a. Interim dividend, if any, shall be declared by the Board.
- b. Before declaring an interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- c. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
- d. In case no final dividend is declared, an interim dividend paid during the year, if any, will be regarded as the final dividend in the annual general meeting.

### 9. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILISED

The Company may declare dividend out of the profits of the Company for the current year or out of the profits of any previous years and out of the free reserves available for distribution of dividend subject to the fulfilment of the conditions and criteria as laid down in this policy.

## Annexure I

### of the Board's Report (Contd.)

#### 10. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of Share (Equity Shares), hence the policy is applicable to only the equity shares of the Company. If the Company in future issues any other class of securities which may be entitled for the dividend, this policy would be revised and amended by the Board considering the factors affecting the new class of Shares.

#### 11. APPLICABILITY OF THE POLICY

The Policy shall not apply to

- Determination and declaring the dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of dividend in kind, i.e. by an issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of the dividend by way of buyback of equity shares;

#### 12. REPORTING AND DISCLOSURE

As prescribed by Regulation 43A of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website and the Annual report.

#### 13. REVIEW OF THE POLICY/ MODIFICATION

This Policy shall be subject to modification and amendments pursuant to any further guidelines / certifications as may be issued by regulatory authority/(ies) ( SEBI/ MCA) from time to time and the Board of Directors may amend or modify the policy as may be deemed necessary pursuant to those guidelines.

#### 14. COMPLIANCE RESPONSIBILITY

Compliance with this Policy shall be the responsibility of the Senior Management of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*  
(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*  
(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure II of the Board's Report

### FORM AOC-1

#### Statement containing salient features of the Financial Statements of Subsidiaries as per Companies Act, 2013

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5  
of Companies (Accounts) Rules, 2014)

#### Part "A": Subsidiaries

Particulars	Amount in ₹ Lakhs			
	1		2	
Name of the Subsidiary Company	AAT Global Limited, Hongkong		Shandong Dawn Himadri Chemical Industry Limited, China	
Financial year ending on	31 March 2020		31 March 2020	
Reporting Currency	INR	USD	INR	RMB
Share Capital	6,891.69	91.42	5,005.50	470.00
Other Equity	(13,413.05)	(177.93)	(5,757.72)	(540.63)
Total Assets	9,866.25	130.87	9,661.89	907.22
Total Liabilities	16,387.61	217.38	10,414.11	977.85
Investments	-	-	-	-
Turnover / Total Income	27,119.88	382.62	1,435.17	137.07
Profit/(Loss) Before Taxation	(11,613.58)	(168.12)	(195.34)	(18.66)
Provision for Taxation	-	-	-	-
Profit/(Loss) After Taxation	(11,613.58)	(168.12)	(195.34)	(18.66)
Proposed Dividend	-	-	-	-
% of Shareholding		100%		94%

#### For and on behalf of the Board

Sd/-

**Anurag Choudhary**

Managing Director & Chief Executive Officer  
(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

Executive Director  
(DIN: 00173732)

Place: Kolkata  
Date: 21 July 2020

## Annexure III of the Board's Report

### FORM NO. MGT- 9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L27106WB1987PLC042756
ii)	Registration Date	:	28 July 1987
iii)	Name of the Company	:	Himadri Speciality Chemical Ltd
iv)	Category / Sub-Category of the Company	:	Public Company / Limited by shares
v)	Address of the Registered office and contact details	:	23A, Netaji Subhas Road, 8 <sup>th</sup> Floor, Suite No 15, Kolkata - 700001, Ph: 033-22309953, website: <a href="http://www.himadri.com">www.himadri.com</a>
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700006, <b>Contact Person</b> Dilip Bhattacharya Ph: 033-22196797/4815, email: <a href="mailto:skcdilip@gmail.com">skcdilip@gmail.com</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to Total Turnover of the Company
1	Carbon Materials & Chemicals	23999	86.87%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	AAT Global Limited - Suite 1101, 11/F, Supreme House, 2A Hart Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	N.A.	Subsidiary	100%	2 (87)(ii)
2	Shandong Dawn Himadri Chemical Industry Ltd No. 368, North Heping Road, Longkou Economic Development Zone, Longkou City. China - 265700	N.A.	Subsidiary	94% <sup>1</sup>	2 (87)(ii)

<sup>1</sup> Holding through AAT Global Limited

Note: Equal Commodeal Private Limited, the wholly owned subsidiary of the Company has merged with Himadri Speciality Chemical Ltd (its holding company) vide order of the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, dated 14 October 2019.



## Annexure III of the Board's Report (Contd.)

### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2019]				No. of Shares held at the end of the year [As on 31 March 2020]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	12,728,600	-	12,728,600	3.04	12,728,600	-	12,728,600	3.04	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	192,086,607	-	192,086,607	45.89	192,086,607	-	192,086,607	45.87	(0.02)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>204,815,207</b>	<b>-</b>	<b>204,815,207</b>	<b>48.93</b>	<b>204,815,207</b>	<b>-</b>	<b>204,815,207</b>	<b>48.91</b>	<b>(0.02)</b>
<b>(2) Foreign</b>									
a) Individual/ NRI	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>204,815,207</b>	<b>-</b>	<b>204,815,207</b>	<b>48.93</b>	<b>204,815,207</b>	<b>-</b>	<b>204,815,207</b>	<b>48.91</b>	<b>(0.02)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	6,644,192	-	6,644,192	1.59	9,166,409	-	9,166,409	2.19	0.60
b) Banks / FI	222,146	3,000	225,146	0.05	409,038	3,000	412,038	0.10	0.05
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Foreign Portfolio	10,180,693	-	10,180,693	2.43	7,091,830	-	7,091,830	1.69	(0.74)
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) FII's	-	-	-	-	-	-	-	-	-
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others (specify Alternate Investment Funds)	-	-	-	-	1,961,996	-	1,961,996	0.47	0.47
<b>Sub-total (B)(1):-</b>	<b>17,047,031</b>	<b>3,000</b>	<b>17,050,031</b>	<b>4.07</b>	<b>18,629,273</b>	<b>3,000</b>	<b>18,632,273</b>	<b>4.45</b>	<b>0.38</b>

## Annexure III

### of the Board's Report (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2019]				No. of Shares held at the end of the year [As on 31 March 2020]				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Cent Govt/State Govt/ President of India</b>	-	-	-	-	3,000	-	3,000	0.00	0.00
<b>Sub-total (B)(2):-</b>	-	-	-	-	<b>3,000</b>	-	<b>3,000</b>	<b>0.00</b>	<b>0.00</b>
<b>3. Non-Institutions</b>									
a) Bodies Corp.	16,780,292	69,460	16,849,752	4.03	11,245,429	69,461	11,314,890	2.70	(1.33)
b) Individuals			-				-		-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	52,390,934	3,976,866	56,367,800	13.46	55,406,679	3,518,381	58,925,060	14.06	0.60
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	14,302,108	-	14,302,108	3.42	11,014,605	-	11,014,605	2.63	(0.79)
c) Others (specify) IEPF	2,927,440	-	2,927,440	0.70	3,096,949	-	3,096,949	0.74	0.04
NBFCs registered with RBI	-	-	-	-	3,000	-	3,000	0.00	0.00
Non Resident Indians	2,915,543	-	2,915,543	0.70	3,716,639	-	3,716,639	0.89	0.19
Overseas Corporate Bodies	103,178,860	-	103,178,860	24.65	103,178,860	-	103,178,860	24.64	(0.01)
Foreign Nationals	-	-	-	-	3,450	-	3,450	0.00	0.00
Clearing Members	172,004	-	172,004	0.04	2,869,021	-	2,869,021	0.69	0.65
Trusts	-	-	-	-	98,786	-	98,786	0.02	0.02
Hindu Undivided Family (HUF)	-	-	-	-	1,136,042	-	1,136,042	0.27	0.27
<b>Sub-total (B) (3):-</b>	<b>192,667,181</b>	<b>4,046,326</b>	<b>196,713,507</b>	<b>47.00</b>	<b>191,769,460</b>	<b>3,587,842</b>	<b>195,357,302</b>	<b>46.64</b>	<b>(0.36)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)+(B)(3)</b>	<b>209,714,212</b>	<b>4,049,326</b>	<b>213,763,538</b>	<b>51.07</b>	<b>210,401,733</b>	<b>3,590,842</b>	<b>213,992,575</b>	<b>51.09</b>	<b>0.02</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>414,529,419</b>	<b>4,049,326</b>	<b>418,578,745</b>	<b>100.00</b>	<b>415,216,940</b>	<b>3,590,842</b>	<b>418,807,782</b>	<b>100.00</b>	-

During the year company has allotted 31,061, 93,762 and 104,214 equity shares on 07.05.2019, 23.10.2019 and 06.03.2020 respectively pursuant to ESOP Scheme.

## Annexure III of the Board's Report (Contd.)

### (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1 April 2019]			Shareholding at the end of the year [As on 31 March 2020]			% change in share holding during the year
		No. of Shares	% of total Shares of the Company <sup>1</sup>	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company <sup>2</sup>	% of Shares Pledged / encumbered to total shares	
1	Mr. Damodar Prasad Choudhary	1,484,280	0.35	-	1,484,280	0.35	-	0.00
2	Mr. Bankey Lal Choudhary	1,484,280	0.35	-	1,484,280	0.35	-	0.00
3	Mr. Vijay Kumar Choudhary	3,266,640	0.78	-	3,266,640	0.78	-	0.00
4	Mr. Shyam Sundar Choudhary	3,234,280	0.77	-	3,234,280	0.77	-	0.00
5	Ms. Sushila Devi Choudhary	850,000	0.20	-	850,000	0.20	-	0.00
6	Ms. Saroj Devi Choudhary	822,850	0.20	-	822,850	0.20	-	0.00
7	Ms. Sheela Devi Choudhary	763,420	0.19	-	763,420	0.19	-	0.00
8	Ms. Kanta Devi Choudhary	822,850	0.20	-	822,850	0.20	-	0.00
9	Himadri Credit & Finance Ltd	9,487,000	2.27	-	9,487,000	2.27	-	0.00
10	Modern Hi-Rise Private Limited	182,599,607	43.62	-	182,599,607	43.60	-	(0.02)
<b>Total</b>		<b>204,815,207</b>	<b>48.93</b>	<b>-</b>	<b>204,815,207</b>	<b>48.91</b>	<b>-</b>	<b>(0.02)</b>

<sup>1</sup>Based on the paid-up capital at the beginning of the financial year 2019-20 i.e 418,578,745

<sup>2</sup> Based on the paid-up capital at the end of the financial year 2019-20 i.e 418,807,782;

During the year, the Company has allotted 229,037 equity share pursuant to ESOP Scheme.

Note:

(a) Anurag Choudhary (PAN- ABYPC2666D); Amit Choudhary (PAN- ACNPC1121B); Tushar Choudhary (PAN- ACAPC2057K); Rinku Choudhary (AOGPC4836A); Swaty Choudhary (PAN- ACSPA5005D); Shikha Choudhary (PAN- ACLPC8207C) are the part of Promoter Group but they are not holding any shares in the Company.

## Annexure III

### of the Board's Report (Contd.)

#### (iii) Change in Promoters' Shareholding (please specify if there is no change)

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 – 31 March 2020)	
		No. of Shares	% of total Shares of the Company <sup>1</sup>	No. of Shares	% of total Shares of the Company <sup>2</sup>
	At the beginning of the year	204,815,207	48.93		
	Increase / Decrease in Shareholding during the year*	-	-	-	-
	At the end of the year	-	-	204,815,207	48.91

\*There is no change in the shareholding of promoters during the financial year 2019-20.

<sup>1</sup>Based on the paid-up capital at the beginning of the financial year 2019-20 i.e 418,578,745

<sup>2</sup>Based on the paid-up capital at the end of the financial year 2019-20 i.e 418,807,782;

During the year, the Company has allotted 229,037 equity shares pursuant to ESOP Scheme.

#### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 – 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	BC India Investments						
	At the beginning of the year	01-04-2019	-	103,178,860	24.65	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year	31-03-2020	-	-	-	103,178,860	24.64
2	FRANKLIN INDIA SMALLER COMPANIES FUND						
	At the beginning of the year	01-04-2019	-	6,644,125	1.59	-	-
	Increase / Decrease in Shareholding during the year	12-04-2019	Buy	13,376	0.00	6,657,501	1.59
		26-04-2019	Buy	57,063	0.01	6,714,564	1.60
		10-05-2019	Buy	295,000	0.07	7,009,564	1.67
		17-05-2019	Buy	169,551	0.04	7,179,115	1.71
		24-05-2019	Buy	160,449	0.04	7,339,564	1.75
		31-05-2019	Buy	200,000	0.05	7,539,564	1.80
		26-07-2019	Buy	300,000	0.07	7,839,564	1.87
		09-08-2019	Buy	100,000	0.02	7,939,564	1.90
		23-08-2019	Buy	400,000	0.10	8,339,564	1.99
		30-08-2019	Buy	31,500	0.01	8,37,1064	2.00
		06-09-2019	Buy	68,500	0.02	8,439,564	2.02
		13-09-2019	Buy	500,000	0.12	8,939,564	2.14



## Annexure III of the Board's Report (Contd.)

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
		29-11-2019	Buy	200,000	0.05	9,139,564	2.18
		06-12-2019	Buy	16,542	0.00	9,156,106	2.19
	At the end of the year	31-03-2020	-	-	-	9,156,106	2.19
3	DILIP KUMAR LAKHI						
	At the beginning of the year	01-04-2019	-	5,663,458	1.35	-	-
	Increase / Decrease in Shareholding during the year	12-04-2019	Sell	10,000	0.00	5,653,458	1.35
		10-05-2019	Sell	200	0.00	5,653,258	1.35
		17-05-2019	Sell	200	0.00	5,653,058	1.35
		07-06-2019	Sell	46,114	0.01	5,606,944	1.34
		14-06-2019	Sell	15,000	0.00	5,591,944	1.34
		05-07-2019	Sell	13,986	0.00	5,577,958	1.33
	At the end of the year	31-03-2020	-	-	-	5,577,958	1.33
4	INVESTOR EDUCATION AND PROTECTION FUND						
	At the beginning of the year	01-04-2019	-	2,927,440	0.70	-	-
	Increase / Decrease in Shareholding during the year	24-05-2019	Sell	2,270	0.00	2,925,170	0.70
		14-06-2019	Sell	2,000	0.00	2,923,170	0.70
		28-06-2019	Sell	1,000	0.00	2,922,170	0.70
		05-07-2019	Sell	2,000	0.00	2,920,170	0.70
		26-07-2019	Sell	1,000	0.00	2,919,170	0.70
		02-08-2019	Sell	2,000	0.00	2,917,170	0.70
		09-08-2019	Sell	5,000	0.00	2,912,170	0.70
		23-08-2019	Sell	2,270	0.00	2,909,900	0.70
		27-09-2019	Sell	2,000	0.00	2,907,900	0.69
		18-10-2019	Sell	2,000	0.00	2,905,900	0.69
		08-11-2019	Buy	2,000	0.00	2,907,900	0.69
		15-11-2019	Sell	4,270	0.00	2,903,630	0.69
		29-11-2019	Buy	195,492	0.05	3,099,122	0.74
		06-12-2019	Buy	827	0.00	3,099,949	0.74
		24-01-2020	Sell	1,000	0.00	3,098,949	0.74
		06-03-2019	Sell	1,000	0.00	3,097,949	0.74
		20-03-2019	Sell	1,000	0.00	3,096,949	0.74
	At the end of the year	31-03-2020	-	-	-	3,096,949	0.74

## Annexure III

### of the Board's Report (Contd.)

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
5	ANANT UDYOG LLP						
	At the beginning of the year	01-04-2019	-	1,505,000	0.36	-	-
	Increase / Decrease in Shareholding during the year	20-03-2020	Buy	90,000	0.02	1,595,000	0.38
	At the end of the year	31-03-2020	-	-	-	1,595,000	0.38
6	ENAM INVESTMENT & SERVICES PVT LTD						
	At the beginning of the year	01-04-2019	-	1,300,707	0.31	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year	31-03-2020	-	-	-	1,300,707	0.31
7	ISHARES CORE EMERGING MARKETS MAURITIUS#						
	At the beginning of the year	01-04-2019	-	-	-	-	-
	Increase / Decrease in Shareholding during the year	05-07-2019	Buy	818,641	0.20	818,641	0.20
		29-11-2019	Buy	306,790	0.07	1,125,431	0.27
		17-01-2020	Buy	30,713	0.01	1,156,144	0.28
		31-01-2020	Buy	90,593	0.02	1,246,737	0.30
	At the end of the year	31-03-2020				1,246,737	0.30
8	UNIFI AIF BLEND FUND#						
	At the beginning of the year	01-04-2019	-	905,660	0.22	-	-
	Increase / Decrease in Shareholding during the year	05-04-2019	Buy	94,016	0.02	999,676	0.24
		12-04-2019	Buy	70,324	0.02	1,070,000	0.26
	At the end of the year	31-03-2020				1,070,000	0.26
9	ASHIKA STOCK BROKING LTD. - CLIENT COLLA#						
	At the beginning of the year	01-04-2019	-	13,727	0.00	-	-
	Increase / Decrease in Shareholding during the year	12-04-2019	Buy	2,059	0.00	15,786	0.00
		19-04-2019	Buy	6,117	0.00	21,903	0.01
		26-04-2019	Buy	40,382	0.01	62,285	0.01
		03-05-2019	Buy	405	0.00	62,690	0.01
		10-05-2019	Sell	51,865	0.01	10,825	0.00
		17-05-2019	Sell	920	0.00	9,905	0.00
		26-05-2019	Sell	1,072	0.00	8,833	0.00
		31-05-2019	Buy	10,440	0.00	19,273	0.00
		07-06-2019	Sell	3,538	0.00	15,735	0.00
		14-06-2019	Buy	10,263	0.00	25,998	0.01
		21-06-2019	Sell	5,104	0.00	20,894	0.00

## Annexure III of the Board's Report (Contd.)

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
		28-06-2019	Sell	8,861	0.00	12,033	0.00
		05-07-2019	Buy	400	0.00	12,433	0.00
		12-07-2019	Buy	500	0.00	12,933	0.00
		19-07-2019	Buy	567	0.00	13,500	0.00
		26-07-2019	Buy	22,420	0.01	35,920	0.01
		02-08-2019	Sell	22,006	0.01	13,914	0.00
		09-08-2019	Buy	2,174	0.00	16,088	0.00
		16-08-2019	Buy	161,902	0.04	177,990	0.04
		23-08-2019	Sell	59,632	0.01	118,358	0.03
		30-08-2019	Sell	96,950	0.02	21,408	0.01
		16-09-2019	Buy	1,042	0.00	22,450	0.01
		13-09-2019	Buy	15,066	0.00	37,516	0.01
		20-09-2019	Buy	13,477	0.00	50,993	0.01
		27-09-2019	Buy	27,290	0.01	78,283	0.02
		04-10-2019	Sell	30,038	0.01	48,245	0.01
		11-10-2019	Sell	885	0.00	47,360	0.01
		18-10-2019	Buy	1,595	0.00	48,955	0.01
		25-10-2019	Sell	7,331	0.00	41,624	0.01
		01-11-2019	Sell	469	0.00	41,155	0.01
		08-11-2019	Sell	27,236	0.01	13,919	0.00
		15-11-2019	Buy	410,424	0.10	424,343	0.10
		22-11-2019	Buy	11,730	0.00	436,073	0.10
		29-11-2019	Buy	11,379	0.00	447,452	0.11
		06-12-2019	Buy	11,790	0.00	459,242	0.11
		13-12-2019	Buy	9,686	0.00	468,928	0.11
		20-12-2019	Sell	203,370	0.05	265,558	0.06
		27-12-2019	Buy	10,572	0.00	276,130	0.07
		03-01-2020	Sell	6,673	0.00	269,457	0.06
		10-01-2020	Sell	733	0.00	268,724	0.06
		17-01-2020	Sell	141,611	0.03	127,113	0.03
		24-01-2020	Sell	2,945	0.00	124,168	0.03
		31-01-2020	Sell	33,570	0.01	90,598	0.02
		07-02-2020	Buy	9,875	0.00	100,473	0.02
		14-02-2020	Sell	8,440	0.00	92,033	0.02
		21-02-2020	Buy	6,250	0.00	98,283	0.02
		28-02-2020	Sell	2,040	0.00	96,243	0.02

## Annexure III

### of the Board's Report (Contd.)

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
		06-03-2020	Sell	42,755	0.01	53,488	0.01
		13-03-2020	Buy	3,902	0.00	57,390	0.01
		20-03-2020	Buy	903,317	0.22	960,707	0.23
		27-03-2020	Buy	1,260	0.00	961,967	0.23
		31-03-2020	Sell	2,009	0.00	959,958	0.23
	At the end of the year	31-03-2020				959,958	0.23
10	EMERGING MARKETS CORE EQUITY PORTFOLIO #						
	At the beginning of the year	01-04-2019		934,063	0.22	-	-
	Increase / Decrease in Shareholding during the year	19-07-2019	Buy	5,448	0.00	939,511	0.22
	At the end of the year	31-03-2020				939,511	0.22
11	HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES *						
	At the beginning of the year	01-04-2019	-	3,875,007	0.93	-	-
	Increase / Decrease in Shareholding during the year	10-05-2019	Sell	124,874	0.03	3,750,133	0.90
		17-05-2019	Sell	68,159	0.02	3,681,974	0.88
		16-08-2019	Sell	137,007	0.03	3,544,967	0.85
		23-08-2019	Sell	437,902	0.10	3,107,065	0.74
		30-08-2019	Sell	23,854	0.01	3,083,211	0.74
		06-09-2019	Sell	167,210	0.04	2,916,001	0.70
		13-09-2019	Sell	121,188	0.03	2,794,813	0.67
		20-09-2019	Sell	628,540	0.15	2,166,273	0.52
		27-09-2019	Sell	83,696	0.02	2,082,577	0.50
		04-10-2019	Sell	121,920	0.03	1,960,657	0.47
		11-10-2019	Sell	52,896	0.01	1,907,761	0.46
		18-10-2019	Sell	119,368	0.03	1,788,393	0.43
		25-10-2019	Sell	191,166	0.05	1,597,227	0.38
		01-11-2019	Sell	214,633	0.05	1,382,594	0.33
		08-11-2019	Buy	581,352	0.14	1,963,946	0.47
		15-11-2019	Sell	604,844	0.14	1,359,102	0.32
		22-11-2019	Sell	59,880	0.01	1,299,222	0.31
		29-11-2019	Sell	649,222	0.16	650,000	0.16
		06-12-2019	Sell	149,104	0.04	500,896	0.12



## Annexure III of the Board's Report (Contd.)

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
		13-12-2019	Sell	150,896	0.04	350,000	0.08
		20-12-2019	Sell	160,000	0.04	190,000	0.05
		27-12-2019	Sell	87,194	0.02	102,806	0.02
		03-01-2020	Sell	102,806	0.02	-	-
	At the end of the year	31-03-2020	-	-	-	-	-
12	VALLABH ROOPCHAND BHANSHALI*						
	At the beginning of the year	01-04-2019	-	1,832,557	0.44	-	-
	Increase / Decrease in Shareholding during the year	06-12-2019	Sell	455,000	0.11	1,377,557	0.33
		13-12-2019	Sell	55,105	0.01	1,322,452	0.32
		20-12-2019	Sell	758,321	0.18	564,131	0.13
		03-01-2020	Sell	120,000	0.03	444,131	0.11
		10-01-2020	Sell	185,000	0.04	259,131	0.06
		17-01-2020	Sell	25,000	0.01	234,131	0.06
		24-01-2020	Sell	100,000	0.02	134,131	0.03
	At the end of the year	31-03-2020	-	-	-	134,131	0.03
13	Chaturveda Advisory Services LLP*						
	At the beginning of the year	01-04-2019	-	1,683,499	0.40	-	-
	Increase / Decrease in Shareholding during the year	12-04-2019	Buy	389	0.00	1,683,888	0.40
		03-05-2019	Sell	66,981	0.02	1,616,907	0.39
		10-05-2019	Sell	120,598	0.03	1,496,309	0.36
		17-05-2019	Sell	1,496,309	0.36	-	0.00
		27-03-2020	Buy	77,000	0.02	77,000	0.02
	At the end of the year	31-03-2020	-	-	-	77,000	0.02
14	AKASH BHANSHALI*						
	At the beginning of the year	01-04-2019	-	947,000	0.23	-	-
	Increase / Decrease in Shareholding during the year	13-12-2019	Sell	7,656	0.00	939,344	0.22
		20-12-2019	Sell	870,431	0.21	68,913	0.02
		03-01-2020	Sell	68,913	0.02	-	-
	At the end of the year	31-03-2020	-	-	-	-	-

# Not included in top ten at the beginning of the year 01.04.2019. It is reflected above since included in top ten at the end of the year.

\*Ceased to be the top ten as on 31.03.2020. The same is reflected above since included in top ten shareholders as on 01.04.2019.

## Annexure III

### of the Board's Report (Contd.)

#### (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 – 31 March 2020)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>Directors</b>					
1	Mr. Bankey Lal Choudhary, Executive Chairman (Designated as Executive Chairman w.e.f. 14.08.2019)				
	At the beginning of the year	1,484,280	0.35	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	1,484,280	0.35
2	Mr. Shyam Sundar Choudhary, Whole-time Director				
	At the beginning of the year	3,234,280	0.77	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	3,234,280	0.77
3	Mr. Vijay Kumar Choudhary, Whole-time Director				
	At the beginning of the year	3,266,640	0.78	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	3,266,640	0.78
4	Mr. Anurag Choudhary, Managing Director & CEO (Appointed w.e.f. 14.08.2019)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
5	Mr. Amit Choudhary, Whole-time Director (Appointed w.e.f. 14.08.2019)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	Mr. Tushar Choudhary, Whole-time Director (Appointed w.e.f. 14.08.2019)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
7	Mr. Sakti Kumar Banerjee, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	Mr. Santimoy Dey, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

## Annexure III of the Board's Report (Contd.)

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 – 31 March 2020)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
9	Mr. Hanuman Mal Choraria, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
10	Mr. Hardip Singh Mann, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
11	Mr. Santosh Kumar Agrawala, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
12	Ms. Sucharita Basu De, Independent Director (Appointed w.e.f. 01.04.2019)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
13	Ms. Rita Bhattacharya, Nominee Director (Resigned w.e.f. 08.01.2020)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	NA	NA
14	Mr. Suryakant Balkrishna Mainak, Independent Director (Resigned w.e.f. 15.02.2020)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	NA	NA
<b>Key Managerial Personnel</b>					
1	Mr. Kamlesh Kumar Agarwal, CFO				
	At the beginning of the year	18,550	0.00	-	-
	Changes during the year Allotment pursuant to Himadri ESOP Scheme. Date of Allotment: 06.03.2020	27,850	0.01	46,400	0.01
	At the end of the year			46,400	0.01
2	Mr. Bajrang Lal Sharma, Company Secretary (Retired w.e.f. closing business hours of 14.02.2020)				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	NA	NA

## Annexure III

### of the Board's Report (Contd.)

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative Shareholding during the year (1 April 2019 - 31 March 2020)		
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
3	Ms. Monika Saraswat, Company Secretary (Appointed w.e.f. 15.02.2020)					
	At the beginning of the year	NA	NA	-	-	
	Changes during the year	-	-	-	-	
	At the end of the year	-	-	-	-	
4	Dr. Soumen Chakraborty, President, CBD					
	At the beginning of the year	14,000	0.00	-	-	
	Changes during the year:					
	14.06.2019	Sell	4,000	0.00	10,000	0.00
	28.06.2019	Sell	3,000	0.00	7,000	0.00
	04.10.2019	Sell	4,000	0.00	3,000	0.00
	At the end of the year	-	-	3,000	0.00	
5	Mr. Monojit Mukherjee Business Head -Carbon Black Div					
	At the beginning of the year	-	-	-	-	
	Changes during the year Allotment pursuant to Himadri ESOP Scheme. Date of Allotment: 23.10.2019	22,126	0.01	22,126	0.01	
	At the end of the year	-	-	22,126	0.01	
6	Mr. Somesh Satnalika VP- Strategy & Business Development					
	At the beginning of the year	11,686	0.00	-	-	
	Changes during the year					
	06.12.2019	Sell	5,000	0.00	6,686	0.00
	06.03.2020	Allotment pursuant to Himadri ESOP Scheme	19,476	0.00	26,162	0.01
	At the end of the year			26,162	0.01	
7	Mr. Santanu Chatterjee, Sr. VP- HR and Admin					
	At the beginning of the year	4,115	0.00	-	-	
	Changes during the year	-	-	-	-	
	At the end of the year	-	-	4,115	0.00	



## Annexure III of the Board's Report (Contd.)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in ₹ Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	28,084.01	19,562.99	-	47,647.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	768.22	24.64	-	792.86
<b>Total (i+ii+iii)</b>	<b>28,852.23</b>	<b>19,587.62</b>	<b>-</b>	<b>48,439.86</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	80,100.88	90,258.61	-	170,359.49
Reduction	62,882.87	104,846.24	-	167,729.11
<b>Net Change</b>	<b>17,218.01</b>	<b>(14,587.63)</b>	<b>-</b>	<b>2,630.38</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	45,489.69	5,000.00	-	50,489.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	580.55	-	-	580.55
<b>Total (i+ii+iii)</b>	<b>46,070.24</b>	<b>5,000.00</b>	<b>-</b>	<b>51,070.24</b>

## Annexure III of the Board's Report (Contd.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors

Sl. No.	Particulars of Remuneration	Name of MD/WTD					Total Amount
		Mr. Bankey Lal Choudhary, Executive Chairman	Mr. Shyam Sundar Choudhary, Whole-time Director	Mr. Vijay Kumar Choudhary, Whole-time Director	Mr. Anurag Choudhary, Managing Director & CEO <sup>1</sup>	Mr. Amit Choudhary, Whole-time Director <sup>2</sup>	
1	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	200.00	200.00	200.00	250.00	200.00	1250.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.03	4.50	1.81	11.25	1.71	29.24
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>208.03</b>	<b>204.50</b>	<b>201.81</b>	<b>261.25</b>	<b>201.71</b>	<b>1,279.24</b>

Remuneration paid to Executive Directors are as per the ceilings as prescribed under Section 197 of the Companies Act, 2013 read with Schedule -V of the Act.

<sup>1</sup> Remuneration includes salary as Chief Executive Officer (KMP) upto 13.08.2019 and salary as Managing Director & CEO w.e.f. 14.08.2019.

<sup>2</sup> Remuneration includes salary as President Projects (KMP) upto 13.08.2019 and salary as Whole-time Director w.e.f. 14.08.2019.

<sup>3</sup> Remuneration includes salary as President Operations (KMP) upto 13.08.2019 and salary as Whole-time Director w.e.f. 14.08.2019.

## Annexure III of the Board's Report (Contd.)

### B. Remuneration to other Directors

Amount in ₹ Lakhs					
Sl. No.	Name of the Director and its Category	Fee for attending board / committee meetings	Commission	Others, please specify	Total
<b>Independent Directors</b>					
1	Mr. Sakti Kumar Banerjee	2.94	-	-	2.94
2	Mr. Santimoy Dey	2.94	-	-	2.94
3	Mr. Hardip Singh Mann	1.20	-	-	1.20
4	Mr. Hanuman Mal Choraria	2.38	-	-	2.38
5	Mr. Santosh Kumar Agrawala	1.80	-	-	1.80
6	Mr. Suryakant Balkrishna Mainak	0.90			0.90
7	Ms. Sucharita Basu De	1.20			1.20
<b>Total (1)</b>					<b>13.36</b>
<b>Other Directors</b>					
1	Ms. Rita Bhattacharya	1.20	-	-	1.20
<b>Total (2)</b>					<b>1.20</b>
<b>Total (B) {(1)+(2)}</b>					<b>14.56</b>

**TOTAL MANAGERIAL REMUNERATION (TOTAL A+B) = ₹ 1,293.80 lakhs**

**OVERALL CEILING AS PER THE ACT** - Remuneration paid to Non-Executive Directors in the form sitting fees for attending the Board / Committee meetings are well within the ceilings as prescribed under Section 197 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## Annexure III of the Board's Report (Contd.)

### C. Remuneration to Key Managerial Personnel Other than MD/WTD

Sl. No.	Particulars of Remuneration	Amount in ₹ Lakhs							Total	
		Mr. Kamlesh Kumar Agarwal - CFO	Mr. Bajrang Lal Sharma- CS (Retired w.e.f. closing business hours of 14.02.2020)	Ms. Monika Saraswat- CS (Appointed w.e.f. 15.02.2020)	Mr. Monojit Mukherjee- Business Head - Carbon Black Div	Mr. Somesh Satnalika - VP- Strategy & Business Development	Dr. Soumen Chakraborty - President, CBD	Mr. Santanu Chatterjee - Sr. VP- HR and Admin		
1	Gross salary									
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	98.93	17.33	1.40	152.98	143.88	85.94	35.89		536.35
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	-	-	0.32	0.32	0.54	0.32		1.82
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-	-	-
2	Stock Option	8.42	-	-	12.37	5.89	-	-	-	26.68
3	Sweat Equity	-	-	-	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-	-	-	-
	Others specify...	-	-	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>107.67</b>	<b>17.33</b>	<b>1.40</b>	<b>165.67</b>	<b>150.09</b>	<b>86.48</b>	<b>36.21</b>		<b>564.85</b>



## Annexure III of the Board's Report (Contd.)

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences under the Companies Act, 2013 for the year ended 31 March 2020.

#### For and on behalf of the Board

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure IV of the Board's Report

### DETAILS PURSUANT TO RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### 1. The ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2019-20:

Name	Designation	Ratio
Mr. Bankey Lal Choudhary	Executive Chairman	67:1
Mr. Shyam Sundar Choudhary	Executive Director	67:1
Mr. Vijay Kumar Choudhary	Executive Director	67:1
Mr. Anurag Choudhary <sup>1</sup>	Managing Director & Chief Executive Officer	84:1
Mr. Amit Choudhary <sup>2</sup>	Executive Director	67:1
Mr. Tushar Choudhary <sup>2</sup>	Executive Director	67:1

#### 2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2019-20:

Name	Designation	% increase in remuneration
Mr. Bankey Lal Choudhary	Executive Chairman	33 %
Mr. Shyam Sundar Choudhary	Executive Director	33 %
Mr. Vijay Kumar Choudhary	Executive Director	33 %
Mr. Anurag Choudhary	Managing Director & Chief Executive Officer	39 %
Mr. Amit Choudhary	Executive Director	NA
Mr. Tushar Choudhary	Executive Director	NA
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	19%
Mr. Bajrang Lal Sharma <sup>3</sup>	Company Secretary & Compliance Officer	9%
Ms. Monika Saraswat <sup>4</sup>	Company Secretary & Compliance Officer	NA

<sup>1</sup> Appointed as Managing Director & Chief Executive Officer w.e.f. closing business hours of 14 August 2019.

<sup>2</sup> Appointed as Executive Director w.e.f. closing business hours of 14 August 2019.

<sup>3</sup> Retired w.e.f. closing business hours of 14 February 2020.

<sup>4</sup> Appointed w.e.f. 15 February 2020.

#### 3. The percentage increase in the median remuneration of employees in the financial year 2019-20:

The percentage increase in the median remuneration of employees is 10%.

#### 4. The number of permanent employees on the rolls of the Company:

There were 972 number of permanent employees on the rolls of the Company as on 31 March 2020.

#### 5. 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 percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2019-20 was 12% whereas the increase in the managerial remuneration for the same financial year was 14%.

## Annexure IV

### of the Board's Report (Contd.)

#### 6. Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration paid to Directors, Key Managerial Person and other employees are as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.

**\*Note:** The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non -Executive Directors are provided in the Report on Corporate Governance and are governed by the Remuneration Policy of the Company, as provided in the Annual Report. In view of this, the calculation of the ratio of remuneration and percentage increase in remuneration of Non-Executive Directors would not be meaningful and hence not provided.

#### For and on behalf of the Board

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure V of the Board's Report

### DETAILS PURSUANT TO RULE 5 (2) & (3) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### Names of the Top Ten Employees in terms of Remuneration Drawn

Name	Designation, Nature of Employment	Remuneration Received (₹ in lakhs)	Qualification, Experience (yrs)	Date of commencement of employment	Age (yrs)	% of equity shares held	Last employer, Designation	Relative of any Director of the Company
Mr. Anand Prakash	Sr. Vice President, Permanent	300.90	PhD (Mechanical Engineering) from University of Minnesota, B-Tech (Chemical Engineering) from IIT Bombay, 14	01.02.2018	39	-	Cabot Corporation Product Line Manager (Special Blacks)	Nil
Mr. Monojit Mukherjee	Business Head-CBD, Permanent	165.67	PGDM (Marketing) from IIM Ahmedabad, B. Tech in Chemical, 35	16.04.2014	62	-	Philips Carbon Black Limited, Executive Director (Marketing & New Projects)	Nil
Mr. Somesh Satnalika	VP- Strategy and Business Development, Permanent	150.09	PGDM (Finance), CA, 16	09.06.2014	38	-	Booz & Co., Senior Associate	Nil
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer, Permanent	107.67	FCA & CS, 25	06.09.1995	49	-	None	Nil
Dr. Soumen Chakraborty	President CBD, Permanent	86.48	Phd (Polymer Science), M-tech, B-Tech, 43	26.08.2015	70	-	Dunlop India (P) Ltd,	Nil
Mr. Rana Dey	Assistant Vice President, Permanent	54.08	B.Tech (Chemical), 22	26.11.2018	45	-	Vesuvius India Ltd	Nil
Mr. Arvind Shetty	GM-Strategy, Permanent	51.90	MBA (Marketing & Operations) from Narsee Monjee Institute of Management, Mumbai, B.Tech, 15.5	29.01.2018	41	-	Renoir Management Consulting (India) Pvt Ltd, Project Manager	Nil



## Annexure V of the Board's Report (Contd.)

Name	Designation, Nature of Employment	Remuneration Received (₹ in lakhs)	Qualification, Experience (yrs)	Date of commencement of employment	Age (yrs)	% of equity shares held	Last employer, Designation	Relative of any Director of the Company
Mr. Subhasish Ta	SR. GM-Engineering, Permanent	47.68	BE (Electronics), 26	21.10.2008	50	-	Philips Carbon Black Limited	Nil
Mr. Akashdeep Hansrani	National Head-CBD Marketing, Permanent	46.30	B.Sc , Diploma in Marketing Management, 30	12.03.2019	52	-	Philips Carbon Black Limited	Nil
Mr. Gajendra Bansal	GM- Accounts Permanent	43.84	CA, 19	01.11.2006	41	-	None	Nil

### Notes:

1. Remuneration includes salary. Company's contributions to provident fund, National Pension Scheme (NPS), bonus, allowances, performance bonus and monetary value of perquisites.
2. None of the aforesaid employees are covered under Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**  
Managing Director & Chief Executive Officer  
(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**  
Executive Director  
(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure VI

### of the Board's Report

Disclosure as required under Section 62(1)(b) of the Companies, Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are appended as below:

Sl. No	Particulars	Himadri Employee Stock Option Plan 2016	
1	Date of Shareholders' Approval	24 September 2016	
2	Total No of Options approved under ESOS	4,000,000	
3	Vesting Requirements	The Options granted under ESOP 2016 would vest after one year but not later than five years from the date of grant of such option. Vesting of Options would be subject to continued employment with the Company and Options would vest on passage of time and also fulfilment of certain performance parameters.	
4	Date of Grant	5 January 2017	8 May 2018
5	Exercise price or pricing formula	₹ 19 (Exercise Price)	₹ 140 (Exercise Price)
6	Maximum term of options granted	9.65 years from the date of grant	4.57 years from the date of grant
7	Source of Shares	Primary	Primary
8	Variation in terms of option	No variation	No variation
9	Method of Option Valuation	Black Scholes Merton Model	Black Scholes Merton Model
10	Option Movement during the year		
	- Number of Options outstanding at the beginning of the period	1,046,022	1,212,500
	- Number of Options granted during the year	-	-
	- Number of Options forfeited / lapsed during the year	8,230 (lapsed)	23,400 (lapsed)
	- Number of Options vested during the year	302,332	297,298
	- Number of Options exercised during the year	229,037	-
	- Number of Shares arising as a result of exercise of options	229,037	-
	- Money realized by exercise of options (Amount in ₹)	4,351,703	-
	- Loan repaid by the Trust during the year from exercise price received	-	-
	- Number of Options outstanding at the end of the year	808,755	1,189,100
	- Number of Options exercisable at the end of the year	117,159	297,298
11	Weighted average exercise price of Options granted during the year whose		
(a)	Exercise Price equals market price	-	-
(b)	Exercise Price is greater than market price	-	-
(c)	Exercise Price is less than market price	-	-

## Annexure VI of the Board's Report (Contd.)

<b>12</b>	<b>Weighted average fair value of Options granted during the year whose</b>		
(a)	Exercise Price equals market price	-	-
(b)	Exercise Price is greater than market price	-	-
(c)	Exercise Price is less than market price	-	-

**13 Employee wise details of Options granted during the financial year 2019-20 to:**

**i. Senior Management Personnel**

Name	Designation	Options granted during the year	Exercise Price
None			

**ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and**

Name	Designation	Options granted during the year	Exercise Price
None			

**iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant**

Name	Designation	Options granted during the year	Exercise Price
None			

**Note:**

Other details as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 forms part of the notes to the financial statements in this Annual Report.

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*  
(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*  
(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure VII of the Board's Report

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

[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,  
**Himadri Speciality Chemical Ltd**
- We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HIMADRI SPECIALITY CHEMICAL 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.
- The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations. Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended on 31 March 2020, complied with the statutory provisions listed 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 returns filed and other records maintained by the Company for the financial year ended on 31 March 2020, to the extent applicable, according to the provisions of:
- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
  - iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
  - iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;
  - v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by 'SEBI', to the extent applicable:
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - e) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008;
    - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
    - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
    - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;



## Annexure VII of the Board's Report (Contd.)

vi) Other than fiscal, labour and environmental laws, which are generally applicable to all companies, the following laws/acts are specifically applicable to the Company:

- a) The Petroleum Act 1934 and Rules made thereunder;
- b) The Legal Metrology Act, 2009;
- c) The Bengal Electricity Duty Act, 1935 and rules thereunder;
- d) The West Bengal Ground Water Resources (Management, Control and Regulation) Act, 2005;
- e) The Boilers Act, 1923;
- f) The West Bengal Molasses Control Act, 1973 and West Bengal Molasses Control (Regulation, Storage and Transport) Notified Order 1986;
- g) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
- h) The Environment (Protection) Act, 1986;
- i) The Water (Prevention and Control of Pollution) Act, 1974;
- j) The Air (Prevention and Control of Pollution) Act, 1981;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b) 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.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that 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 period under audit, the Company has passed the following special resolutions:

- i) Re-appointment of Mr. Santimoy Dey and Mr. Hanuman Mal Choraria as an Independent Director for a second term for five consecutive years up to 23 September 2024;
- ii) Re-designation of Mr. Bankey Lal Choudhary, who was appointed as Managing Director from 1 April, 2019, as Executive Chairman in capacity as Whole-time Director effective from 14 August 2019;
- iii) Appointment of Mr. Anurag Choudhary as Managing Director & CEO and Mr. Amit Choudhary and Mr. Tushar Choudhary as Whole-time Directors of the Company for a period of 5 (Five) years with effect from 14 August 2019 to 13 August 2024;

We further report that during the period under audit:

- i) the Hon'ble National Company Law Tribunal (NCLT), Kolkata bench vide its order dated 14 October 2019, has approved the Scheme of Amalgamation of wholly owned subsidiary, Equal Commodeal Private Limited ("Transferor Company") with the Company.

## Annexure VII

### of the Board's Report (Contd.)

- ii) Ms. Sucharita Basu De was appointed as an Additional Director, with effect from 1 April 2019 and re-designated as Independent Director from 25 September 2019;
- iii) The Company has allotted 31,061 equity shares of ₹ 1/- each of the Company to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016" on 7 May 2019;
- iv) The Company has allotted 93,762 equity shares of ₹ 1/- each of the Company to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016" on 23 October 2019;
- v) The Company has allotted 1,04,214 equity shares of ₹ 1/- each of the Company to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016" on 6 March 2020;

- vi) Ms. Rita Bhattacharya, the Nominee of LIC of India has resigned from the Board of Directors of the Company with effect from 8 January 2020;
- vii) Mr. Suryakant Balkrishna Mainak, Independent Director, has resigned from the Board of Directors of the Company with effect from 15 February 2020.

This report is to be read with our letter of even date which is annexed as **Annexure-I** which forms an integral part of this report.

**For MKB & Associates  
Company Secretaries**

Sd/-

**Manoj Kumar Banthia**  
**[Partner]**

ACS no. 11470

COP no. 7596

FRN: P2010WBO42700

Date: 17.07.2020

Place: Kolkata

## Annexure VII of the Board's Report (Contd.)

### ANNEXURE- I TO THE SECRETARIAL AUDIT REPORT

To  
The Members,  
**Himadri Speciality Chemical Ltd**

Our report of even date 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 processes 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 processes and practices, we 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 obtained 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 management. Our examination was limited to the verification of procedures on test basis.
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.

*Note: There was lockdown declared by the Central Government in the country due to COVID-19 pandemic since 24 March 2020. During the Lockdown, for carrying on and completion of the Audit, documents / details have been provided by the Company through electronic mode only and the same have been verified by us.*

**For MKB & Associates  
Company Secretaries**

Sd/-

**Manoj Kumar Banthia**  
**[Partner]**

ACS no. 11470

COP no. 7596

FRN: P2010WB042700

Date: 17.07.2020  
Place: Kolkata  
UDIN: A011470B000468377

## Annexure VIII of the Board's Report

Information as per Section 134(3)(m), read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the year ended 31 March 2020:

### A. CONSERVATION OF ENERGY

Sl. No.	Particulars	Description
1.	<b>Steps taken or impact on conservation of energy</b>	<p>During the year, the Company has introduced</p> <ul style="list-style-type: none"> <li>• Micro Turbine in place of PRDS at our Power Plant. 20 KG &amp; 3.5 KG steam is required for our process, which is being fed from CPP. Earlier we used PRDS to convert the high pressure 65 KG steam to 20 KG followed by 3.5 KG. Now, we have replaced PRDS with Micro Turbine wherein not only we are getting requisite amount of 20 KG &amp; 3.5 KG steam but additionally generating 1.5 MW power through the system.</li> <li>• Oxygen analyser at the stack of our Dryer to check for better combustion &amp; better efficiency of Dryer. The excess gas, which was consumed at Dryer, is now being fed to CPP Boiler for generation of Power.</li> <li>• Secondary OPH in our Soft Black reactor to gain temperature for our cracking fuel, thereby increasing productivity &amp; yield of our production line.</li> </ul>
2.	<b>Steps taken by the Company for utilizing alternate source of energy</b>	<p>During the year, the Company has introduced solar power in the plant for lighting the lamps around the plant and at Electrical MCC room, which reduced the dependence of conventional source of energy &amp; has been further adding more solar power to the system. The Company has its' own co-generation 20MW Power Plants based on waste heat recovery system. The gas is a bye-product of carbon black manufacturing industry, which is hazardous, and a threat to the environment. Hence, instead of venting this into the environment, the Company utilizes that waste gas for generation of power. This serves the twin objectives of pollution control as well as achievement of economy in expansion since the Company in its own process uses the power generated. The Company utilizes green gases to power thus becoming eco-friendly organisation in this environment-distressed society.</p>
3.	<b>Capital investment on energy conservation equipment.</b>	<p>The power plants already being operational, no additional expenditure has been incurred therein.</p>

### B. TECHNOLOGY ABSORPTION

Sl No.	Particulars	Description
1.	<b>Efforts made towards technology absorption</b>	<p>In-house Research &amp; Development play a vital role in the following areas :-</p> <ol style="list-style-type: none"> <li>1. Improvement in quality and enhanced output by process control;</li> <li>2. Finding alternate means to save energy and cost;</li> <li>3. Development of new products and grades;</li> <li>4. Re-cycling the waste and optimum utilization thereof;</li> </ol>
2.	<b>Benefits derived like product improvement, cost reduction, product development, import substitution</b>	<ol style="list-style-type: none"> <li>1. Maintenance of leading position in market;</li> <li>2. Reduction in cost of fuel consumption;</li> <li>3. Improvement in quality of output in line with global standards;</li> <li>4. Optimum utilization of resources by improving the quality of output and refining process technology;</li> <li>5. Development and evolution of various kind of value added products like Speciality grades of Carbon Black, Advanced Carbon Material, SNF etc.</li> </ol>



## Annexure VIII of the Board's Report (Contd.)

Sl No.	Particulars	Description
3.	<b>Expenditure incurred on Research and Development</b>	Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipment and salaries of research personnel remain merged with various heads, as per established accounting policy and expenditures incurred during the year under review, on Research & Development are as follows: i) Capital expenditure: ₹ 194.81 lakhs; ii) Revenue expenditure: ₹ 545.70 lakhs; iii) Total Research & Development expenditure: ₹ 740.51 lakhs; iv) Total R&D expenditure as a percentage of total turnover: 0.41%

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

**Total foreign exchange used and earned during the year:**

Particulars	Amount in ₹ Lakhs	
	2019-20	2018-19
Total foreign exchange outgo in terms of actual outflow	<b>82,824.87</b>	50,116.39
Total foreign exchange earned in terms of actual inflows	<b>12,684.77</b>	17,192.80

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*  
(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*  
(DIN: 00173732)

Place: Kolkata  
Date: 21 July 2020

## Annexure IX of the Board's Report

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

#### a. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	Name(s) of the related party and nature of relationship:	None
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Justification for entering into such contracts or arrangements or transactions:	
(f)	Date(s) of approval by the Board:	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:	

#### b. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship:	Tuaman Engineering Limited*, Enterprises controlled by the Key Managerial Personnel
(b)	Nature of contracts/arrangements/transactions:	Availing Services: Engineering, procurement, and construction of project (EPC)
(c)	Duration of the contracts / arrangements/transactions:	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Engineering, Procurement and Construction (EPC) contract, including all Engineering, Procurement, Construction and Commissioning of all disciplines such as Civil, Mechanical, Electrical, instrumentation and control in relation to expansion of Carbon Black project at the Mahistikry Plant, Haripal, Hooghly, West Bengal.  Design, Engineering (Civil, Mechanical, Electrical, Instrumentation), Supply, Installation, pre-Commissioning, Commissioning and Testing of Dynamic Refiner Unit and Refiner Unit at the Mahistikry Plant, Haripal, Hooghly, West Bengal.
(e)	Date(s) of approval by the Board, if any:	18 December 2018
(f)	Amount paid	₹ 20,579.07 lakhs (excluding GST ₹ 3,704.23 lakhs)

\*Information in respect of these transactions has been given w.e.f. 16 July 2019; the date of Tuaman Engineering Limited becoming related party.

**Note:** The above disclosures on material transactions are based on the principle that transactions with wholly-owned subsidiaries are exempt for the purpose of Section 188 (1) of the Companies Act, 2013.

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**

Managing Director & Chief Executive Officer

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

Executive Director

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

# Annexure X

## of the Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES

#### 1. Brief outline of the Corporate Social Responsibility (CSR) Policy of the Company

The Company adopted CSR Policy as recommended by the CSR Committee and the scopes of the Policy are given hereunder:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;

(viii) Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), [Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

(x) rural development projects;

(xi) slum area development.

Explanation. - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

The following kinds of expenditures were approved by the CSR Committee to be undertaken by the Company including ongoing expenditures or expenditure to be made by the

## Annexure X of the Board's Report (Contd.)

Company during financial year 2019-20 made through Company's Trusts:

- Expenditure on promotion of education including undertaking of recurring expenditure of running a School and expenditure on distribution of Mid-day meal among the poor children, situated at Village area surrounding the Company's Factory at Mahistikry;
- Expenditure on running a dispensary (Medical Services) within the surrounding area of Company's Plant situated at Mahistikry, including cost of medicine, free health check-up facility etc;
- Expenditure on eradicating hunger and distribution of food, drinking water and cloth;

d. Rural Development Project.

### 2. The Composition of CSR Committee

The Corporate Social Responsibility Committee ('the CSR Committee') of the Board is responsible for overseeing the execution of the Company's CSR Policy, and ensuring that the CSR objectives are met. The CSR committee comprise of the following Directors:

- Mr. Santimoy Dey, Independent Non-Executive Director
- Mr. Sakti Kumar Banerjee, Independent Non-Executive Director
- Mr. Shyam Sundar Choudhary, Whole-time Director

### 3. Financial Details

Particulars	Amount in ₹ Lakhs
	Amount
Average Net Profit of the Company for the last three financial years	31,370.43
Prescribed CSR Expenditure (A) (2% of the average net profits)	627.41
Amount unspent in FY 2018-19 (B)	211.98
<b>Details of CSR Expenditure during the financial year</b>	
Total amount to be spent for the financial year (A) + (B)	839.39
Amount spent	113.68
Amount unspent	725.71

### 4. Manner in which the amount spent during the financial year is detailed below

Amount in ₹ Lakhs							
1	2	3	4	5	6	7	8
Sl.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise ₹ in lakhs	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	Expenditure on Promotion of Education	(a)	Mahistikry, Dist-Hooghly (WB)	-	11.75	11.75	Through implementing agencies



## Annexure X of the Board's Report (Contd.)

Amount in ₹ Lakhs							
1	2	3	4	5	6	7	8
Sl.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise ₹ in lakhs	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
2	Expenditure on running a dispensary	(b)	Surrounding area of the District and the State in which the Company's Plant is situated	-	27.70	27.70	Through implementing agencies
3	Expenditure on eradicating hunger and distribution of food, drinking water and cloth	(c)	Surrounding area of the District and the State in which the Company's Plant is situated	-	51.55	51.55	Through implementing agencies
4	Rural Development Project	(d)	Surrounding area near the Company's plant at Mahistikry, West Bengal	800.00 (Approx)	22.68	22.68	Through implementing agencies
<b>Total</b>					<b>113.68</b>	<b>113.68</b>	

\* CSR activities has been carried out through implementing agencies. Details of implementing agencies are 1) Nanhey Lal Mohini Devi Foundation 2) Himadri Foundation.

### 5. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report

The required explanation for reasons for not spending the required amount has been provided in the Board's Report for the financial year 2019-20.

### 6. Responsibility Statement

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

**For and on behalf of the Board**

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*  
(DIN: 00173934)

Sd/-

**Santimoy Dey**

*Chairman - CSR Committee*  
(DIN: 06875452)

Place: Kolkata  
Date: 22 June 2020

# Annexure XI

## of the Board's Report

### CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34(3) read with Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations') the details of compliance by the Company with the norms on Corporate Governance are as under:

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance refers to, but not limited to, a set of laws, regulations and good practices & systems that enable an organisation to perform efficiently and ethically to generate long-term wealth and create value for all its stakeholders. Sound governance practices and responsible corporate behavior contribute to superior long-term performance of organisations. Corporate Governance is the creation and enhancement of long-term sustainable value for our stakeholders through ethically driven business process.

Strong leadership and effective Corporate Governance practices have been the Company's hallmark inherited from the Himadri culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices.

Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards. The Company recognises that good Corporate Governance is a continuous exercise. Adherence to transparency, accountability, fairness and ethical standards are an integral part of the Company's function. The Company's structure, business dealings, administration and disclosure practices are aligned to good Corporate Governance philosophy. The Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders. The Company also aims to increase and sustain its corporate values through growth and innovation.

We ensure that we evolve and follow not just the stated Corporate Governance guidelines, but also global best practices. We consider it our inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Company conforms to the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations that are implemented in a manner so as to achieve the objectives of the principles stated in the clause with respect to rights of shareholders, role of stakeholders in Corporate Governance, Disclosure and Transparency, responsibilities of the Board and other responsibilities prescribed under these regulations.

A Management Discussion and Analysis Report has been given as a separate Annexure forming the part of the Annual Report.

#### 2. BOARD OF DIRECTORS ("BOARD")

The Company recognizes the importance of a diverse board in its success. The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. SEBI Listing Regulations mandate that the Board of Directors of top 1000 listed entities with effect from 1 April 2019 shall comprise of not less than 6 (six) directors with an optimum combination of executive and non-executive directors with at least one independent woman director (for top 500 listed entities by 1 April 2019) and not less than fifty percent of the Board of Directors shall comprise of non-executive directors and for a Company with a non-executive chairman, at least one-third of the Board should comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the Board of Directors shall comprise of independent directors. The

## Annexure XI of the Board's Report (Contd.)

Board is at the core of our Corporate Governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders.

We believe that an active, well - informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

### a) Composition of the Board

The Company has a balanced mix of Executive and Independent Non-Executive Directors. As on 31 March 2020, the Board consisted of 12 (Twelve) Directors, out of which 6 (Six) Directors are Executive and 6 (Six) are Non-Executive Independent Directors which includes one Independent Woman Director. The Chairman of the Board is an Executive Director and half of the Board consists of Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 of SEBI Listing Regulations. The Company has passed special resolution for Non-Executive Independent Directors who has attained the age of seventy-five years, in compliance with Regulation 17(1A) of SEBI Listing Regulations.

Further, in the opinion of the Board, all the Independent Directors of the Company satisfy the criteria/conditions of independence as laid down in Section 149(6) of the Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and they have also registered in the data bank of Independent Director as required under Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any

circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

In compliance with Regulation 17A of the SEBI Listing Regulations, none of the Directors on the Board holds directorship in more than 8 (eight) listed entities and none of the Directors on the Board is an Independent Director of more than 7 (Seven) listed companies and none of the Whole-time Directors, Managing Director are Independent Directors in any listed Company. None of the Directors on the Board is a member of more than 10 (Ten) Committees or act as chairperson of more than 5 (Five) Committees across all the Companies in which he/she is a Director, in compliance with Regulation 26 (1) of the SEBI Listing Regulations. For the purpose of determination of limit of chairpersonship and membership, the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

All the Directors possess requisite qualifications and experience in general corporate management, risk management, finance, marketing, legal and other allied fields, which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process. Detailed profile of the Directors is available on the Company's website at [www.himadri.com](http://www.himadri.com)

## Annexure XI

### of the Board's Report (Contd.)

#### b) Disclosure of Relationships between Directors inter-se

Sl. No	Name of the Director	Category	Relationship between Directors inter-se*
1	Mr. Shyam Sundar Choudhary	Promoter, Executive Director	<ul style="list-style-type: none"> <li>Brother of Mr. Bankey Lal Choudhary and Mr. Vijay Kumar Choudhary.</li> <li>Father of Mr. Anurag Choudhary and Amit Choudhary.</li> </ul>
2	Mr. Bankey Lal Choudhary	Promoter, Executive Chairman	<ul style="list-style-type: none"> <li>Brother of Mr. Shyam Sundar Choudhary and Mr. Vijay Kumar Choudhary.</li> <li>Father of Mr. Tushar Choudhary</li> </ul>
3	Mr. Vijay Kumar Choudhary	Promoter, Executive Director	Brother of Mr. Bankey Lal Choudhary and Mr. Shyam Sundar Choudhary
4	Mr. Anurag Choudhary	Promoter, Managing Director & Chief Executive Officer	<ul style="list-style-type: none"> <li>Son of Mr. Shyam Sundar Choudhary.</li> <li>Brother of Mr. Amit Choudhary</li> </ul>
5	Mr. Amit Choudhary	Promoter, Executive Director	<ul style="list-style-type: none"> <li>Son of Mr. Shyam Sundar Choudhary.</li> <li>Brother of Mr. Anurag Choudhary</li> </ul>
6	Mr. Tushar Choudhary	Promoter, Executive Director	Son of Mr. Bankey Lal Choudhary
7	Mr. Hardip Singh Mann	Independent, Non-Executive	NA
8	Mr. Sakti Kumar Banerjee	Independent, Non-Executive	NA
9	Mr. Santimoy Dey	Independent, Non-Executive	NA
10	Mr. Hanuman Mal Choraria	Independent, Non-Executive	NA
11	Mr. Santosh Kumar Agrawala	Independent, Non-Executive	NA
12	Ms. Sucharita Basu De	Independent, Non-Executive	NA

\*Relative as per Section 2(77) of the Companies Act, 2013

Apart from the relations mentioned hereinabove, there is no inter-se relation among the Directors of the Company.

#### c) Board procedure and access to information

The Board is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of the Company reviewed all information provided periodically for discussion and consideration at its meetings as provided under the Act, 2013 (including any amendment and re-enactment thereof) and SEBI Listing Regulations inter alia the agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

Detailed agenda, setting out the business to be transacted at the meeting(s) is circulated to the Directors well in advance as stipulated under the Act, 2013 and Secretarial Standard - 1 ("SS-1"). All material information are incorporated in the detailed agenda for facilitating meaningful and focused discussion at the meetings. Where it is not practicable to enclose any document to the agenda, the same was placed before the meeting. Additional item(s) on the agenda, if required can be discussed at the meeting. Board makes timely strategic decisions, to



## Annexure XI

### of the Board's Report (Contd.)

ensure operations are in line with strategy, to ensure the integrity of financial information and the robustness of financial and other controls, to oversee the management of risk and review the effectiveness of risk management processes, and to ensure that the right people are in place and coming through. Non-Executive Directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the Executive Directors. All this is in the long-term interest of the Company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner. The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance and management.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, as and when necessary. The meetings of the Board are generally convened at the Company's Corporate Office at Kolkata. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved through circulation, which is then noted by the Board in its next meeting.

The facility to participate in meeting(s) through video/tele-conferencing is also provided to Directors to the extent permissible except for the first meeting of the Board where the Annual financial Statements were adopted and approved.

The minutes of the Board Meetings are circulated in advance as per the requirement of SS-1 to all the Directors and confirmed at subsequent Meeting.

The Board also reviews the declarations made by the Managing Director / Chief Financial Officer / Unit Heads of the Company regarding compliance of all applicable laws on a quarterly basis.

The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning to the business and affairs of the Company.

#### **d) Meetings of the Board of Directors**

During the financial year 2019-20, the Board met 5 (Five) times, i.e. on 28 May 2019, 14 August 2019, 13 November 2019, 17 December 2019 and 13 February 2020. The maximum time in between two meetings was not more than 120 days. The necessary quorum was present for all the meetings.

#### **e) Separate Meeting of Independent Directors**

Schedule IV of the Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations mandates the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management. During the financial year 2019-20, 1 (One) separate meeting of Independent Directors was held on 13 February 2020 without the presence of the Non-Independent Directors and the members of the Management. They discussed on the matters pertaining to review of performance of Non-Independent Directors and the Board of Directors as a whole including the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assessed the quality, quantity and timeliness of flow of information between the Management of the Company and the Board, so that the Board can effectively and reasonably perform its duties.

#### **f) Performance Evaluation**

Pursuant to the provisions of the Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, of individual Directors and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship

## Annexure XI of the Board's Report (Contd.)

Committees, Corporate Social Responsibility Committee, Risk Management Committee, Finance & Management Committee and Share Transfer Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, Execution and Performance of Specific Duties, Obligations and Governance and the evaluation was done, based upon the responses received from the Directors.

The performance evaluation of the Independent Directors was carried out by

the entire Board (excluding the director being evaluated). The Directors expressed their satisfaction with the evaluation process.

The details of composition of the Board as at 31 March 2020, the attendance record of the Directors at the Board Meetings held during financial year 2019-20 and at the last Annual General Meeting (AGM), the number of Directorships, Committee Chairmanships and Memberships held by them in other Public Companies, the names of the listed entities where the Director is a director and the category of directorship and number of shares and convertible instruments held by directors are given herein below:

Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies <sup>1</sup>	
				Board Meetings	Last AGM		As Member	As Chairman
1	Mr. Shyam Sundar Choudhary	Promoter, Executive Director	3,234,280	4	Y	4	1	-
2	Mr. Bankey Lal Choudhary	Promoter, Executive Chairman	1,484,280	5	Y	4	1	-
3	Mr. Vijay Kumar Choudhary	Promoter, Executive Director	3,266,640	4	Y	3	-	-
4	Mr. Anurag Choudhary <sup>2</sup>	Promoter, Managing Director & Chief Executive Officer	-	3	Y	8	1	-
5	Mr. Amit Choudhary <sup>2</sup>	Promoter, Executive Director	-	2	-	5	-	-
6	Mr. Tushar Choudhary <sup>2</sup>	Promoter, Executive Director	-	3	Y	7	-	-
7	Ms. Rita Bhattacharya <sup>3</sup>	Nominee Director (Non-Executive) of LIC of India	-	4	Y	-	-	-
8	Mr. Hardip Singh Mann	Independent, Non-Executive Director	-	3	-	1	-	-
9	Mr. Sakti Kumar Banerjee	Independent, Non-Executive Director	-	5	Y	1	2	-
10	Mr. Santimoy Dey	Independent, Non-Executive Director	-	5	Y	2	2	1

## Annexure XI of the Board's Report (Contd.)

Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies <sup>1</sup>	
				Board Meetings	Last AGM		As Member	As Chairman
11	Mr. Hanuman Mal Choraria	Independent, Non-Executive Director	-	5	Y	3	1	1
12	Mr. Santosh Kumar Agrawala	Independent, Non-Executive Director	-	5	Y	2	2	1
13	Mr. Suryakant Balkrishna Mainak <sup>4</sup>	Independent, Non-Executive Director	-	3	-	-	-	-
14	Ms. Sucharita Basu De <sup>5</sup>	Independent, Non-Executive Director	-	3	-	2	1	-

The Directorships/Committee Memberships are based on the latest disclosures received by the Company.

\*Directorship in Public Companies includes listed as well as reporting entity.

<sup>1</sup>Pursuant to Regulation 26 of the SEBI Listing Regulations, Memberships/Chairmanships of only Audit Committee and Stakeholder's Relationship Committee in all Public Limited Companies (including Himadri Speciality Chemical Ltd) have been considered;

<sup>2</sup>Mr. Anurag Choudhary was appointed as Managing Director & CEO w.e.f. 14 August 2019; Mr. Amit Choudhary and Mr. Tushar Choudhary were appointed as Whole-time Director w.e.f. 14 August 2019;

<sup>3</sup>Ms. Rita Bhattacharya (DIN: 03157199), the Nominee of LIC of India has resigned from the Board of Directors of the Company w.e.f. 8 January 2020;

<sup>4</sup>Mr. Suryakant Balkrishna Mainak (DIN: 02531129), Independent Director has resigned from the Board of Directors of the Company w.e.f. 15 February 2020;

<sup>5</sup>Ms. Sucharita Basu De was appointed as Independent Woman Director w.e.f. 1 April 2019.

The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within the limits as prescribed under the Act and the SEBI Listing Regulations.

The details of the Board of Directors holding Directorship in other listed companies along with the category of directorship are given herein below:

Sl. No.	Directors' Name	Names of other listed entities holding directorship	Category
1	Mr. Shyam Sundar Choudhary	-	-
2	Mr. Bankey Lal Choudhary	Himadri Credit & Finance Limited	Promoter, Managing Director
3	Mr. Vijay Kumar Choudhary	-	-
4	Mr. Anurag Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
5	Mr. Amit Choudhary	-	-
6	Mr. Tushar Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
7	Mr. Hardip Singh Mann	-	-
8	Mr. Sakti Kumar Banerjee	-	-
9	Mr. Santimoy Dey	-	-

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### of the Board's Report (Contd.)

Sl. No.	Directors' Name	Names of other listed entities holding directorship	Category
10	Mr. Hanuman Mal Choraria	-	-
11	Mr. Santosh Kumar Agrawala	Himadri Credit & Finance Limited	Independent Director
12	Ms. Sucharita Basu De	Himadri Credit & Finance Limited	Independent Director

#### g) Formal Letter of Appointment to the Independent Directors

During the financial year 2019-20, one Independent Woman Director, Ms. Sucharita Basu De was appointed for five consecutive years up to 31 March 2024 and two Independent Directors, Mr. Santimoy Dey and Mr. Hanuman Mal Choraria were re-appointed for the second term of five consecutive years up to 23 September 2024 at the 31<sup>st</sup> Annual General Meeting held on 25 September 2019, and the Company has issued appointment/re-appointment letters as per provisions of Schedule IV of the Act, 2013 and individual letter of appointment was issued to the Independent Director on their appointment/re-appointment containing the detailed terms and conditions of their appointment/re-appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The letter of appointment/re-appointment issued to the Independent Directors has been posted on the Company's website at [www.himadri.com](http://www.himadri.com).

#### h) Familiarisation Programme for Independent Directors

Pursuant to Regulation 25 (7) of the SEBI Listing Regulations, the Company imparted Familiarization Programme for Independent Directors to familiarize them about their roles, rights and responsibilities in the Company, nature of the Industry in which the Company operates, review of Investments of the Company, business model of the Company, Prevention of Insider Trading Regulations, SEBI Listing Regulations, etc. The details of the familiarisation programme are available on the website of the Company at [www.himadri.com](http://www.himadri.com).

#### i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Companies Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at [www.himadri.com](http://www.himadri.com) and references thereof have been given elsewhere in this Annual Report.

#### j) Code of Conduct for all Directors and Senior Management Personnel

Regulation 17(5) of the SEBI Listing Regulations requires every listed company to have a Code of Conduct for its directors and senior management. Further, Schedule IV of the Act, 2013 requires the appointment of Independent Director to be formalised through a letter of appointment, which shall set out the Code for Business Ethics that the Company expects its directors and employees to follow. The said schedule also requires the Independent Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

In terms of the above, there exists a Code of Conduct, for all the Board Members and Senior Management of the Company. The Board of Directors has laid down a separate Code for the Non-Executive Directors of the Company. The aforesaid Codes are available on the Company's website at [www.himadri.com](http://www.himadri.com). All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2020, has individually affirmed compliance with the said Code in terms



## Annexure XI of the Board's Report (Contd.)

of Regulation 26 of the SEBI Listing Regulations. A declaration signed by the Managing Director & Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) and Schedule IV of the Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Pursuant to the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, effective from 1 April 2019, the Board of the Company laid down Code of Conduct to regulate, monitor and report of Trading by the Designated Persons and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to ensure timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. The Code of Conduct to regulate, monitor and report Insider Trading has replaced the Company's earlier

code on Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

### k) Brief Note on the Directors seeking appointment / re-appointment at the 32<sup>nd</sup> Annual General Meeting

The Company has furnished information as required by Regulation 34 (2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment in the Notice convening the 32<sup>nd</sup> Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorship and membership of committees of the Board are given separately.

Information about Directors proposed to be appointed/re-appointed as required under Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard-2 as issued by the Institute of Company Secretaries of India is furnished in the Notice convening the ensuing Annual General Meeting.

### l) List of core skills/expertise/competencies identified by the Board of Directors

The Board at its meeting held on 28 May 2019 has identified the below mentioned core skills/expertise/competencies/ as required by the Company in the context of its business (s) and sectors(s) for it to function effectively and those actually available with Board.

Sl. No	Skills / Expertise / Competencies required by the Board of Directors	
1	<b>Understanding of Business/Industry</b>	Experience and knowledge of the area of operation and associated businesses
2	<b>Strategy and strategic planning</b>	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's policies and priorities.
3	<b>Critical and innovative thoughts</b>	The ability to critically analyse the information and develop innovative approaches and solutions to the problems.
4	<b>Financial Understanding</b>	Ability to analyse and understand the key financial statements, assess financial viability of the projects and efficient use of resources.
5	<b>Market Understanding</b>	Understanding of Market.
6	<b>Risk and compliance oversight</b>	Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and monitor risk and compliance management frameworks.

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### of the Board's Report (Contd.)

The table below expresses the specific areas of focus or expertise of individual Board members. However, absence of a tick mark does not necessarily mean the member does not possess the corresponding skills/expertise.

Name of director	Understanding of Business / Industry	Strategy and strategic planning	Critical and innovative thoughts	Financial Understanding	Market Understanding	Risk and compliance oversight
Mr. Shyam Sundar Choudhary	✓			✓	✓	✓
Mr. Bankey Lal Choudhary	✓			✓	✓	✓
Mr. Vijay Kumar Choudhary	✓			✓	✓	✓
Mr. Anurag Choudhary	✓	✓	✓	✓	✓	✓
Mr. Amit Choudhary	✓	✓	✓	✓	✓	✓
Mr. Tushar Choudhary	✓	✓	✓	✓	✓	✓
Mr. Hardip Singh Mann	✓					✓
Mr. Sakti Kumar Banerjee	✓			✓		✓
Mr. Santimoy Dey	✓			✓		✓
Mr. Hanuman Mal Choraria	✓			✓		✓
Mr. Santosh Kumar Agrawala	✓	✓	✓	✓		✓
Ms. Sucharita Basu De	✓					✓

#### m) Resignation of an independent director

Mr. Suryakant Balkrishna Mainak (DIN: 02531129), the Independent Director has resigned from the Board of Directors of the Company, w.e.f. 15 February 2020 due to personal reasons. Further Mr. Mainak, vide his letter dated 26 February 2020, has also confirmed that there is no other material reason other than personal reasons for his resignation from the Board of the Company. The intimation received from Mr. Mainak in this regard has been intimated to the Stock Exchanges.

#### n) Committees of Board

The Board constituted various committees as mandated under Chapter IV of the SEBI Listing Regulations to function in specific areas and to take informed decisions within delegated powers. Each Committee exercises its functions within the scope and area as defined in its constitution guidelines. The Company Secretary acts as the Secretary to all the Committees of the Board. These Committees are constituted in

conformity of the SEBI Listing Regulations and are mentioned as follows:

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility (CSR) Committee;
- Risk Management Committee;
- Business Responsibility Report Committee;

#### o) Other Board Committees

The Board, in addition to the mandatory Committees under Chapter IV of the SEBI Listing Regulations has constituted various other committees as required by law namely:

- Share Transfer Committee;
- Finance and Management Committee;
- Strategy & Investment Committee;
- Internal Complaint Committee;
- Commodity Committee;

## Annexure XI of the Board's Report (Contd.)

### 3. AUDIT COMMITTEE

#### a. Composition, Meetings and Attendance

The Board of Directors of the Company has constituted a qualified and independent Audit Committee that acts as a link between the management, the Statutory and Internal Auditors and the Board. The Audit Committee comprises of five (5) Directors including four (4) Non-Executive Independent Director and one (1) Executive Director. Mr. Hanuman Mal Choraria, Chairman of the Committee is an Independent and Non-Executive Director with over three decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee are financially literate with majority having accounting or related financial management expertise and the composition of the Committee complies with the requirements of Section 177 of the Act, 2013 and Regulation 18 of the SEBI Listing Regulations with the Stock Exchanges. Mr. Santosh Kumar Agrawala, Independent Director and Mr. Anurag Choudhary, Managing Director & CEO of the Company has been appointed as member of the Committee w.e.f. 13 February 2020. Mr. Santosh Kumar Agrawala has

been also designated as Vice Chairman of the Committee who shall in the absence of the Chairman of the Audit Committee at any meeting of the Committee or the Company shall act as Chairman of the Committee.

The Statutory Auditors, Internal Auditors and Chief Financial Officer (CFO) are invited to attend meetings of the Audit Committee. The Executive Directors and Key Managerial Personnel are also invited from time to time to provide feedback on the observation of the Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met 5 (five) times during the year with a maximum time in between two meetings were not exceeding 120 days, i.e., on 28 May 2019, 14 August 2019, 3 October 2019, 13 November 2019 and 13 February 2020. The Committee reviewed the results of operation and the statement of significant related party transactions submitted by management. The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Hanuman Mal Choraria	Chairman, Independent Non-Executive	4
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	5
3	Mr. Santimoy Dey	Member, Independent Non-Executive	5
4	Mr. Santosh Kumar Agrawala #	Vice Chairman, Independent Non-Executive	-
5	Mr. Anurag Choudhary #	Member, Executive	-

# Appointed as Member of Audit Committee w.e.f. 13 February 2020.

#### b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Act, 2013 and include the roles as laid out in Part C of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Audit Committee are in conformity with the Act, 2013 and the SEBI Listing Regulations and the same are as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

## Annexure XI

### of the Board's Report (Contd.)

- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) 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 Act, 2013;
  - 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;
  - g) Modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;



## Annexure XI of the Board's Report (Contd.)

- (xviii) To review the functioning of the Whistle Blower Mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
- (xxi) Reviewing the utilization of loans/and or advances from/investment by the holding Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on date of coming into force of this provision;
- (xxii) Review the utilization of loan, advance and Investments by holding Company in the subsidiary; [ (Regulation 18(3) Part

“C” Schedule II Para A (21) of the SEBI (LODR) Regulations, 2015 as amended with effect from 1 April 2019];

- (xxiii) Review the compliance with the provisions of the SEBI (PIT) (Amendment) Regulations, 2018 at least once in a financial year and shall verify that the systems of Internal Control are adequate and operating effectively;

As stipulated in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, and Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Internal Auditor.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

### 4. NOMINATION AND REMUNERATION COMMITTEE

#### a. Composition, Meetings and Attendance

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Section 178 of the Act, 2013 as well as in terms of Regulation 19 of the SEBI Listing Regulations comprised of requisite number of Independent Non-Executive Directors. Mr. Santimoy Dey, Independent Non-Executive Director is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Committee met 6 (Six) times during the year i.e. on 7 May 2019, 14 August 2019, 23 October 2019, 24 January 2020, 13 February 2020 and 6 March 2020. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	6
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	6
3	Mr. Hanuman Mal Choraria	Member, Independent Non-Executive	6

#### b. Terms of Reference

The present terms of reference of the Nomination and Remuneration Committee is aligned as per the provisions of Section 178 of the Act, 2013 and include the roles as laid out in Part D Para (A) of Schedule II of the SEBI Listing Regulations. The brief

description of the terms of reference of the Nomination and Remuneration Committee in line with the Act, 2013 and the SEBI Listing Regulations are as follows:

- i) Formulation of the criteria for determining qualifications, positive attitudes and independence of a

## Annexure XI

### of the Board's Report (Contd.)

director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other employees;

- ii) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- iii) Devising a policy on diversity of Board of Directors;
- iv) Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- v) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- vi) Recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- vii) Review the performance and recommend to the Board, all remuneration in whatever form, payable to the senior management [(Regulation 19(4)/ 20(4) Schedule II, Part D - Para A (6) of the SEBI (LODR) Regulations, 2015 as amended with effect from 1 April 2019].

The Nomination & Remuneration Committee also administers the Employee Stock Option Scheme, which was approved by the shareholders at the Annual General Meetings of the Company held on 24 September 2016.

#### **c. Remuneration policy**

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company, which, inter alia, covers appointment, remuneration and removal of Directors, Key Managerial

Personnel and Senior Management, succession planning and Board diversity. This policy is available in the Investor Relations section of the Company's website at [www.himadri.com](http://www.himadri.com).

#### **d. Criteria for Performance Evaluation of Independent Directors**

The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Non- Executive Directors. They are enumerated as below:

- a. Qualifications:** Details of professional qualifications of the member.
- b. Experience:** Details of prior experience of the member, especially the experience relevant to the entity.
- c. Knowledge and Competency.**
- d. How the person fares across different competencies as identified for effective functioning of the entity and the Board.**
- e. Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates.**
- f. Fulfilment of functions:** Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (e.g. Law imposes certain obligations on Independent Directors).
- g. Ability to function as a team:** Whether the person is able to function as an effective team- member.
- h. Initiative:** Whether the person actively takes initiative with respect to various areas.
- i. Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.

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- j. Commitment:** Whether the person is adequately committed to the Board and the entity.
- k. Contribution:** Whether the person contributed effectively to the entity and in the Board meetings.
- l. Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).
- m. Independence:** Whether person is independent from the entity and the other directors and there is no conflict of interest.
- n. Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely.

### e. Remuneration to Directors and Disclosures

- a) Details of remuneration paid / payable to the Directors for the year ended 31 March 2020 and their shareholding as on that date is as under:**

Amount in ₹ Lakhs										
Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees*	Shareholding (Equity) (No.)
Mr. Shyam Sundar Choudhary	200.00	4.50	-	-	-	-	-	204.50	Present tenure valid till 31 March 2025	3,234,280
Mr. Bankey Lal Choudhary	200.00	8.03	-	-	-	-	-	208.03	Present tenure valid till 31 March 2024	1,484,280
Mr. Vijay Kumar Choudhary	200.00	1.81	-	-	-	-	-	201.81	Present tenure valid till 31 March 2025	3,266,640
Mr. Anurag Choudhary <sup>1</sup>	250.00	11.25	-	-	-	-	-	261.25	Present tenure valid till 13 August 2024	-
Mr. Amit Choudhary <sup>1</sup>	200.00	1.71	-	-	-	-	-	201.71	Present tenure valid till 13 August 2024	-
Mr. Tushar Choudhary <sup>1</sup>	200.00	1.94	-	-	-	-	-	201.94	Present tenure valid till 13 August 2024	-
Ms. Rita Bhattacharya <sup>2</sup>	-	-	-	-	1.20	-	-	1.20	Nominee Director	-
Mr. Hardip Singh Mann	-	-	-	-	1.20	-	-	1.20	Appointed as Independent Director up to 31.03.2024	-
Mr. Sakti Kumar Banerjee	-	-	-	-	2.94	-	-	2.94	Appointed as Independent Director up to 31.03.2024	-
Mr. Santimoy Dey	-	-	-	-	2.94	-	-	2.94	Appointed as Independent Director up to 23.09.2024	-
Mr. Hanuman Mal Choraria	-	-	-	-	2.38	-	-	2.38	Appointed as Independent Director up to 23.09.2024	-

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### of the Board's Report (Contd.)

Amount in ₹ Lakhs

Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees*	Shareholding (Equity) (No.)
Mr. Santosh Kumar Agrawala	-	-	-	-	1.80	-	-	1.80	Appointed as Independent Director up to 13.11.2021	-
Mr. Suryakant Balkrishna Mainak <sup>3</sup>	-	-	-	-	0.90	-	-	0.90	Appointed as Independent Director up to 02.08.2022	-
Ms. Sucharita Basu De	-	-	-	-	1.20	-	-	1.20	Appointed as Independent Woman Director up to 31 March 2024	-

<sup>1</sup> Remuneration includes salary as Key Managerial Personnel upto 13 August 2019 and as Executive director w.e.f. 14 August 2019

<sup>2</sup> Ms. Rita Bhattacharya (DIN- 03157199), the Nominee of LIC of India has resigned from the Board of Directors of the Company w.e.f. 8 January 2020;

<sup>3</sup> Suryakant Balkrishna Mainak (DIN- 02531129), Independent Director has resigned from the Board of Directors of the Company w.e.f. 15 February 2020.

Note: **a.** Sitting Fees of Non-Executive Directors has been increased during the financial year.

**b.** Remuneration of Executive Directors has been increased during the financial year, however, the remuneration paid to each of the Director are within the ceiling provided under the Section 197 read with Schedule V of the Companies Act, 2013.

**b) Details of fixed components and performance linked incentives along with the Performance Criteria:**

As per the remuneration approved by the shareholders, apart from the salary, no performance linked incentive is paid to any of the Director.

**c) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable:**

The Company has not issued any stock options to its Directors of the Company.

**d) Criteria of making payments to Non-Executive Directors:**

The criteria for making payments to Non-Executive Directors is placed on the website of the Company at [www.himadri.com](http://www.himadri.com).

**[\*] There is no pecuniary relationship with Non-Executive Independent Directors other than Sitting Fees as mentioned in the report.**

#### 5. RISK MANAGEMENT COMMITTEE

Risk Management is crucial to achieve the Company's objective in strengthening its financial position, safeguarding interests of stakeholders, enhancing its ability to continue as a going concern and maintain a consistent sustainable growth.

The Company had constituted a Risk Management Committee ('RMC') for framing, implementing and monitoring the Risk Management Policy of the Company on 11.08.2014, pursuant to clause 49 of Listing Agreement. Further, the SEBI pursuant to Regulation 21 of SEBI Listing Regulations had mandated that the top 500 listed companies shall have a Risk Management Committee with effect from 1 April 2019. Accordingly, the Company has

## Annexure XI of the Board's Report (Contd.)

re-constituted the Risk Management Committee on 28.05.2019 with the following members:

1. Mr. Shyam Sundar Choudhary- Chairman (Whole-time Director)
2. Mr. Santimoy Dey- Member (Independent Director)
3. Mr. Bankey Lal Choudhary- Member (Executive Chairman)
4. Mr. Anurag Choudhary- Member (Managing Director & CEO)
5. Mr. Kamlesh Kumar Agarwal- Member (CFO)

The terms of reference are:

- a) To assist the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the Risk Policy;
- b) To lay down the procedure and to inform the Board members about the risk assessment and minimizing procedures;
- c) To frame risk management policy of the Company;
- d) To monitor and review of the Risk Management policy including cyber security;
- e) To do all other acts which are incidental to

the risk associated with the business of the Company.

Risk Management Committee met on 24 January 2020 during the financial year 2019-20.

### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### a) Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. Shyam Sundar Choudhary and Mr. Sakti Kumar Banerjee as its members and majority of directors are Independent.

The Committee reviewed the status of Investors' Complaints periodically relating to transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend, among others.

During the year, the Committee met 7 (Seven) times i.e. on 13 May 2019, 7 June 2019, 28 June 2019, 8 August 2019, 9 September 2019, 13 November 2019 and 9 January 2020. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	6
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	7
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	5

#### b) Terms of Reference

- To resolve the grievances of the Security holders of the Company 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.
- To review of measures taken for effective exercise of voting rights by shareholders.
- To review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar and Share Transfer Agent.
- To review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- Such other matters as per the directions of the Board of Directors of the Company, which may be considered necessary in relation to shareholders and investors of the Company.



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### of the Board's Report (Contd.)

- Functions of the Committee as provided in Schedule II, Part "D", Para "B" Reg 20(4) of the SEBI (LODR) Regulations, 2015.

#### c) Name and Designation of Compliance Officer

Mr. Bajrang Lal Sharma, Company Secretary & Compliance Officer has retired w.e.f. closing business hours of 14 February 2020 and Ms. Monika Saraswat has been appointed as Company Secretary & Compliance Officer w.e.f. 15 February 2020. Further Ms. Saraswat has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). Further, Mr. Kamlesh Kumar Agarwal, Chief Financial Officer of the Company has been authorised under Regulation 30(5) of the SEBI Listing Regulations for determining materiality of an event or information for making disclosures to stock exchanges. The shareholders may send their complaints directly to the Company Secretary, Himadri Speciality Chemical Ltd, 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No 15, Kolkata - 700 001 or may email at: [investors@himadri.com](mailto:investors@himadri.com). Those Members who desire to contact over telephone may do so at 033- 2230 9953 / 4363.

#### d) Status of Investors' Grievances

There were 4 complaints pending at the beginning of the financial year. During the financial year 2019-20, total 229 complaints were received from investors and 217 complaints were resolved satisfactory and the remaining 16 complaints were also resolved subsequently in the month of April 2020.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There was one investors' complaint pending at the end of the financial year on the SCORES, which was subsequently resolved.

#### 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company in terms of Section 135(1) of the Act, 2013 has constituted Corporate Social Responsibility Committee consisting following Directors as members:

- Mr. Santimoy Dey (Chairman, Independent Director)
- Mr. Shyam Sundar Choudhary (Member, Whole-time Director)
- Mr. Sakti Kumar Banerjee (Member, Independent Director)

#### Terms of reference

The terms of reference of Corporate Social Responsibility include the following:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred above and
- To monitor the Corporate Social Responsibility Committee from time to time.

During the financial year 2019-20, the Committee met 2 (Two) times on 30.04.2019 and 14.08.2019 and all the members of the Committee were present in such meeting. The CSR policy of your Company is displayed on the Company's website at [www.himadri.com](http://www.himadri.com).

#### 8. BUSINESS RESPONSIBILITY REPORT COMMITTEE

The SEBI vide its Circular dated 26 December 2019, has mandated top 1000 Companies as per market capitalisation that Annual Report of their Companies shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an Environmental, Social and Governance perspective, in the format as specified by SEBI in the aforesaid Circular. Accordingly, the BRR containing the general information about the Company, financial details

## Annexure XI of the Board's Report (Contd.)

of the Company, other details like BR information, principle-wise performance etc. forms part of this Annual Report.

The Board has constituted the Business Responsibility Committee comprising of the below members for matters pertaining to the Business Responsibility:

- Mr. Anurag Choudhary, Managing Director & CEO (Chairman of the Committee)
- Mr. Bankey Lal Choudhary, Executive Chairman (Member)
- Mr. Monojit Mukherjee, Business Head Carbon Black Division (Member)
- Mr. Somesh Satnalika, Vice President Strategy & Business Development (Member)
- Mr. Kamlesh Kumar Agarwal, Chief Financial Officer (Member)

The Board reviewed the performance of the Committee as well as BRR Policy on annual basis.

### 9. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. Shyam Sundar Choudhary, as the Chairman, Mr. Bankey Lal Choudhary and Mr. Santimoy Dey as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialization and other related matters.

In accordance with Regulation 40 read with Schedule VII of the SEBI Listing Regulations, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with the Company Secretary of the Company, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Pvt. Ltd and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and coordinates with Company's Registrar & Share Transfer Agent. During the financial year 2019-20, the Committee met 5 (Five) times.

The Company confirms that all request for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

### 10. FINANCE AND MANAGEMENT COMMITTEE

During the financial year 2019-20, the Board has re-constituted the Finance and Management Committee, comprising of Mr. Shyam Sundar Choudhary, Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary as its members. During the financial year 2019-20, the Committee met 26 (twenty-six) times.

#### Terms of reference

The terms of reference of Finance and Management Committee include the following:

- To open/closure of Banking Accounts;
- To arrange finance, from Bank and Financial institutions;
- To sign and execute necessary documents with Banks / Financial Institutions;
- To create mortgage / charge including modification and satisfaction if any in favour of various Banks / Financial Institutions for securing the credit facilities as may be sanctioned to the Company from time to time;
- To deal with managing the day to day affairs of the Company including grant of authority to officials in this regard;
- To avail of factoring facility from any other Bank & Financial Institution;
- To avail discounting of Bills under LC from other Banks / Financial Institution;
- To obtained higher purchase loan / vehicle loan;
- To initiated legal action on behalf of the Company against any party and to defend the Company in any legal proceedings including grant of authority to deal with such matters;
- To file various e-forms with MCA (Registrar of Companies);
- To avail of Commercial Card facility as a part of working Capital limit sanction to the Company by any bank;
- To sell or dispose of old and obsolete movable office equipment, computer

## Annexure XI of the Board's Report (Contd.)

accessories, printers, including motor cars and commercial vehicles for value not exceeding ₹ two lacs of each such items;

- To let-out office premises with or without consideration to its' group companies for official purposes;
- To deal with all types of current investments in day to day business activities;
- To raise fund in form of CP to amount not exceeding ₹ 300 Crores;
- To apply for listing of Commercial paper at the Stock exchange;
- To get working capital finance (both Fund based and Non-fund) either secured or unsecured by means of fresh sanction, renewal, takeover and switch over from one Bank to another Bank or from any financial institution up to an aggregate amount of ₹ 2000 Crores;
- To deal with any other matter which are incidental to the aforesaid.

### 11. STRATEGY & INVESTMENT COMMITTEE

The Strategy & Investment Committee comprises of 4 (Four) members of the Board, Mr. Shyam Sundar Choudhary, Whole-time Director, Mr. Santimoy Dey, Non-Executive Independent Director, Mr. Anurag Choudhary, Managing Director & CEO and Mr. Sakti Kumar Banerjee, Non-Executive Independent Director.

#### Terms of reference

The terms of reference of Strategy & Investment Committee include the following:

- To focus on the evaluation of the Company's strategic plans and to evaluate the Company's capital deployment in the context of the Company's Corporate Strategy;
- To review the proposals for acquisition of potential targets for deploying capital of the Company for expanding the installed manufacturing capacity or acquisitions resulting in forward and backward integration in manufacturing process of the Company. The Committee upon review, shall

place such proposal along with its analysis before the Board for its consideration and approval;

- To assist the Board in fulfilling its oversight responsibilities relating to long term strategy of the Company, risks and opportunities relating to such strategy and strategic decisions regarding investments and acquisitions by the Company;
- To monitor the Company's progress against strategic goals and provide feedback and advice on merger and acquisition strategy, capital strategy, market capabilities and resource requirements;
- To review individual transactions, including potential investments, asset sales, proposed equity and/or debt offerings or other transactions;
- To deal with all merger and restructuring proposals in capacity of creditor/shareholder of the entities participating in merger or restructuring process and the Committee shall make decisions and resolutions and would exercise all powers of the Board for such matters;
- To discuss with the Senior Management Personnel and General Counsel or outside Counsel any matters that could reasonably be expected to have a material impact on the Company's long term strategies.

### 12. INTERNAL COMPLAINT COMMITTEE

The Company has an Internal Complaint Committee constituted in terms of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was re-constituted from time to time. The Committee comprises of 4 (Four) members as follows:

- Ms. Kausika Sarkar, Presiding officer
- Ms. Pritha Bandopadhyay, Member
- Mr. Bhaskarmoy Dey, Member- Legal
- Dr. P S Bandopadhyay, Independent Consultant

## Annexure XI of the Board's Report (Contd.)

### Terms of reference

The terms of reference of Internal Complaint Committee include the following:

- i) The Committee shall act in accordance with the provisions of the Act and Rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;
- ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;
- iii) The Committee shall maintain all records relating to Complaints received and their redressal;
- iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act;
- v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;
- vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;
- vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women

at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:

- a) Number of complaints of sexual harassment received in the year;
- b) Number of complaints disposed off during the year;
- c) Number of cases pending for more than ninety days;
- d) Number of workshops or awareness programme against sexual harassment carried out;
- e) Nature of action taken by the employer or District Officer

The Committee has submitted the Annual Report to the Board in terms of Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint of sexual harassment received by the Committee during the financial year 2019-20.

### 13. COMMODITY COMMITTEE:

The Company has constituted a Commodity committee comprising of Mr. Anurag Choudhary - Managing Director & CEO, Mr. Amit Choudhary - Executive Director, Mr. Tushar Choudhary - Executive Director, Mr. Kamlesh Kumar Agarwal- Chief Financial Officer and Mr. Somesh Satnalika - Vice President Strategy & Business Development.

### 14. GENERAL BODY MEETINGS

#### i) Details of location, time and date of the last three Annual General Meetings are as follows:

Financial Year	Number of the AGM	Date	Venue	Time
2016-17	29 <sup>th</sup> AGM	22 September 2017	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	03.30 pm
2017-18	30 <sup>th</sup> AGM	4 September 2018	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	10.30 am
2018-19	31 <sup>st</sup> AGM	25 September 2019	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	10.30 am

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### of the Board's Report (Contd.)

#### ii) Details of Special Resolution(s) passed during the last three years in Annual General Meetings.

29 <sup>th</sup> AGM held on 22 September 2017	1. Appointment of Mr. Vijay Kumar Choudhary (DIN: 00173858) as Whole-time Director of the Company for a further period of 3 (Three) years with effect from 1 April 2017 to 31 March 2020.
30 <sup>th</sup> AGM held on 4 September 2018	1. Re-appointment of Mr. Sakti Kumar Banerjee (DIN: 00631772) as an Independent Director of the Company for a further period of 5 (five years) for second term with effect from 1 April 2019 to 31 March 2024. 2. Re-appointment of Mr. Hardip Singh Mann (DIN: 00104948) as an Independent Director of the Company for a further period of 5 (five years) for second term with effect from 1 April 2019 to 31 March 2024. 3. Alteration of Articles
31 <sup>st</sup> AGM held on 25 September 2019	1. Re-appointment of Mr. Santimoy Dey (DIN: 06875452) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 2. Re-appointment of Mr. Hanuman Mal Choraria (DIN: 00018375) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 3. Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792) as Whole-time Director of the Company for a period of 5 (five) years with effect from 1 April 2019 to 31 March 2024. 4. Appointment of Mr. Anurag Choudhary (DIN: 00173934) as Managing Director & Chief Executive Officer of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 5. Appointment of Mr. Amit Choudhary (DIN: 00152358) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 6. Appointment of Mr. Tushar Choudhary (DIN: 00174003) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024.

iii) During the financial year 2019-20, the Company did not pass any special resolution by way of postal ballot.

iv) No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.

#### 15. MEANS OF COMMUNICATION

a. **Quarterly/Annual Financial Results:** The unaudited quarterly financial results are announced within 45 days from the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. These financial results, after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed. Any news, updates, or vital/useful

information to shareholders are being intimated to Stock Exchange(s) and are being displayed on the Company's website: [www.himadri.com](http://www.himadri.com)

b. **Newspapers:** During the financial year 2019-20, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times in English (all editions), Jansatta (Hindi) and Ei Samay (Vernacular) in the format prescribed by SEBI.

c. **Website:** The financial results are also posted on the Company's Website at [www.himadri.com](http://www.himadri.com). The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.



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- d. Annual Report:** Annual Report is circulated to all the Members within the required period, physically through post and via e-mail, wherever the e-mail ID is available in accordance with the "Green Initiative Circular" issued by MCA. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.
- e. E-mail ID of the Registrar & Share Transfer Agent:** All the share related requests/queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006 or e-mail them at [skcdilip@gmail.com](mailto:skcdilip@gmail.com)
- f. Designated E-mail ID for Complaints/ Redressal:** In compliance with Regulation 46(2) of SEBI Listing Regulations entered into with the Stock Exchange(s), the Company has designated an e-mail ID [investors@himadri.com](mailto:investors@himadri.com) exclusively for registering complaints/ grievances by investors. Investors whose requests/queries/ correspondence remain unresolved can send their complaints to the Company to resolve the grievances to the above referred e-mail ID.
- g. NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. Any Corporate Action, inter alia, the Shareholding Pattern, Corporate Governance Report, Financial Results, disclosures with respect to Board Meeting or any other Corporate Action Announcements are filed electronically on NEAPS.
- h. BSE Corporate Compliance & Listing Centre:** The Listing Centre is a web-

based application designed by BSE for Corporates. Any Corporate Action, inter alia, the Shareholding Pattern, Corporate Governance Report, Financial Results, and other intimations are filed electronically on BSE's Listing Centre.

- i. SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.
- j. News releases/Investor Updates and Investor presentations:** The Company usually uploads a general presentation, press release, earning release periodically about the Company and its business on the website for the benefit of all the stakeholders. However, during the year the Company has not made any specific presentation to any Institutional Investor.

### 16. GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting (AGM) and Book Closure Dates

The Day, Date, Time of the 32<sup>nd</sup> Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice convening the AGM, which forms part of the Annual Report.

#### Financial Year

The financial year of the Company is from 1 April to 31 March every year.

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### of the Board's Report (Contd.)

#### Tentative Schedule for the Meetings for the financial year 2020-21

Financial Year	
<b>Board meetings for approval of quarterly results</b>	<b>2020-21</b>
- Quarter ended 30 June 2020	Within 2 <sup>nd</sup> Week of August 2020
- Quarter ended 30 September 2020	Within 2 <sup>nd</sup> week of November 2020
- Quarter ended 31 December 2020	Within 2 <sup>nd</sup> week of February 2021
- Audited Financial Results for the year ended 31 March 2021	Within 60 days from the end of the financial year
Annual General Meeting for the financial year 2020-21	In accordance with Section 96 of the Act, 2013 and SEBI Listing Regulations with the Stock Exchange and Circular of MCA and SEBI from time to time.
Dispatch of Annual Report	21 (clear) days before the meeting or by electronic mode as per circular of MCA and SEBI from time to time.
Posting of Dividend Warrants	Within 30 days from the date of AGM or as per circular of MCA and SEBI from time to time.
Receipt of Proxy Forms	At least 48hrs before the meeting or as per circular of MCA and SEBI from time to time.

#### Dividend payment date

The Company will remit the dividend within a period of 30 days from the date of declaration and the required funds will be transferred to the Dividend Account within 5 days from the date of the Annual General Meeting.

#### Listing of Securities on Stock Exchange(s)

**Equity Shares:** The Company's shares are presently listed on the following Stock Exchange(s):

Sl. No.	Stock Exchange	Listing code
1	BSE Limited P. J. Towers, Dalal Street, Fort Mumbai- 400 001	500184
2	National Stock Exchange of India Ltd "Exchange Plaza" Bandra-Kurla Complex, Bandra ( E), Mumbai - 400 051	HSCL

The Company has remitted the listing fee to the Stock Exchanges.

**Non-Convertible Debentures:** The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 150 Crores are listed at BSE Limited. The details are given hereunder:

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number
1	10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India	BSE Limited	946887	INE019C07023
2	12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,00/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India	BSE Limited	949610	INE019C07031

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Stock Exchange(s).

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**Commercial Papers:** The Company has issued commercial papers during the financial year 2019-20. The details are given hereunder:

Sl. No.	Details of CP	Stock Exchange	Listing Code	ISIN Number	Issue Date	Redemption Date
1	1200 units of commercial paper of ₹ 5,00,000/- each, aggregating to ₹ 60 Crores at a discount rate of 6.75% p.a,	BSE Limited	717783	INE019C14508	26-12-2019	24-03-2020
2	1000 units of commercial paper of ₹ 5,00,000/- each, aggregating to ₹ 50 Crores at a discount rate of 6.00% p.a	BSE Limited	718646	INE019C14516	27-03-2020	25-06-2020

### Market price data

Monthly high / low market price of the shares during the financial year 2019-20 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Apr-19	121.95	110.00	121.90	109.70
May-19	113.00	97.35	112.35	97.20
Jun-19	116.45	100.25	116.50	100.20
Jul-19	106.50	79.50	106.70	79.50
Aug-19	86.60	62.50	86.80	61.80
Sep-19	91.95	71.10	92.00	72.55
Oct-19	83.65	65.00	82.90	67.00
Nov-19	77.25	59.40	77.25	59.35
Dec-19	69.15	54.10	68.90	54.05
Jan-20	73.90	60.20	73.80	60.10
Feb-20	66.70	48.55	66.75	48.50
Mar-20	52.05	27.30	52.35	27.20

### Stock Performance in comparison to broad-based indices

Financial Year	BSE SENSEX		NSE CNX NIFTY	
	Change in Himadri Share Price	Change in SENSEX	Change in Himadri Share Price	Change in Nifty
2019-20	-74.78%	-23.80%	-26.03%	-74.68%

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### of the Board's Report (Contd.)

#### Registrar and Share Transfer Agent

The Company has engaged the services of M/s S. K. Infosolutions Pvt. Ltd of 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, a SEBI registered Registrar as Share Transfer Agent for processing the transfer, sub-divisions, consolidation, splitting of securities among others. Since the shares are compulsorily required to be traded in dematerialized form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories viz NSDL/CDSL for dematerialization of shares. M/s S. K. Infosolutions Pvt. Ltd has appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and exchange of new certificates of Face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

#### Share Transfer System

The Company ensures that all transfers are duly affected within the prescribed period. The Board has constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. Share Transfer, Duplicate issue of shares and all other investors' related activities are attended and processed at the office of the Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, Kolkata.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificate on half-yearly basis is filed with the Stock Exchange(s) for due compliance of share transfer formalities by the Company.

However, the SEBI pursuant to notification

issued on 8 June 2018 amended the Regulation 40 of the SEBI (LODR) Regulations, 2015 and provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository w.e.f. 01 April 2019.

#### Nomination facilities

Section 72 of the Act, 2013 read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, provides for the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility to avoid any complication in the process of transmission, in case of death of the holders.

In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the DP as per the formats prescribed by them.

#### Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2020, when declared at the ensuing Annual General Meeting will be paid:

- i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and
- ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members lodged with the Company before the start of date of book closure.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The Members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of

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initial validity period, bank draft will be issued against cancellation of warrants upon request of the shareholders, if any.

However, due to pandemic of Novel Coronavirus (COVID-19), SEBI vide its circular dated 12 May 2020 has prescribed the requirement of sending physical dividend warrant will apply upon normalization of postal services.

### Electronic Clearing Service - NECS

Members desirous of receiving dividend by direct electronic deposits of dividend vide NECS in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, Ph No: 033- 22196797/ 4815.

### Bank details in case of physical Shareholdings

With a view to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, to enable them to print the same on dividend warrants. This is a

mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated 13 November 2001.

### Details of Payee

Further, the SEBI with a view to safeguard the interest of the shareholders has issued circular No. SEBI/HO/MIRSD/DOPI/CIR/P/2018/73 dated 20 April 2018, which inter-alia requires that the Issuer Company, the RTA and the processing Bank shall ensure that the Dividend Warrant shall contains the details of the payee, Bank Name, Bank Account, Bank Branch of the holder of securities, therefore the shareholders are requested to share the required information with the Registrar & Share Transfer Agent of the Company. However, the Company has issued reminder letters to the security holders for providing such information.

### Unclaimed / Unpaid Dividend

The amount of unclaimed dividend is lying credit in separate banking accounts. Members may please note that pursuant to Section 124(5) and Section 125 of the Act, 2013 the amount lying in credit of any unpaid dividend account if, remained un-claimed for 7 years or more from the date it became unpaid / unclaimed shall be transferred to the Investor Education and Protection Fund. As on 31 March 2020, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2020	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2012-13	23 September 2013	528,993.00	29 October 2020	State Bank of India
2013-14	24 September 2014	515,597.80	30 October 2021	State Bank of India
2015-16	24 September 2016	322,108.65	30 October 2023	State Bank of India
2016-17	22 September 2017	597,431.20	28 October 2024	State Bank of India
2017-18	4 September 2018	340,089.20	10 October 2025	State Bank of India
2018-19	25 September 2019	477,171.15	31 October 2026	State Bank of India

Therefore, Members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agent for issue of Banker's Cheque / Bank drafts. Shareholders are requested to provide their Bank Account details to be printed on the Bank drafts / Banker's Cheques.



## Annexure XI of the Board's Report (Contd.)

### Transfer of Unclaimed Shares to IEPF

During the financial year 2019-20, the Company has transferred 199,319 unclaimed shares of 170 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more pursuant to Section 124 (6) of the Act, 2013 to the credit of IEPF Authority as prescribed in Section 125 of the Act, 2013 in DEMAT Account No: IN300708/ CL-ID: 10656671 through NSDL.

However, the shareholders may re-claim those shares from the IEPF Authority by complying with prescribed procedure and filing the e-form- IEPF-5 online with MCA portal. The shareholder claiming the shares should take a print out of the e-form (IEPF-5) and forward the same with all documents as mentioned in the e-form to the NODAL Officer of the Company for onward submission to the IEPF Authority along with verification report. The name, address and contact no of the NODAL Officer of the Company is given hereunder:

**Name: Ms. Monika Saraswat,**  
**Designation: Company Secretary & Compliance Officer**  
**Himadri Speciality Chemical Ltd**  
**Regd. Off: 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No 15, Kolkata- 700 001**  
**Corporate Office: 8, India Exchange Place, 2<sup>nd</sup> Floor, Kolkata- 700 001**  
**Contact No: 033-22309953/ 22304363**  
**E-mail: [monika@himadri.com](mailto:monika@himadri.com)**

### Credit ratings obtained along with any revisions thereto during the financial year for all debt instruments

**Rating Agency:** ICRA Limited vide its' letter dated 04 October 2019, has assigned the Credit Rating to Company's various credit facilities and instruments as mentioned below:

Facilities	Amount (₹ in Crores)	Rating Assigned	Remarks
Non-Convertible Debenture	150	[ICRA] AA- (Pronounced as [ICRA] double A minus) Outlook: Stable	Reaffirmed
Term Loan	52.86	[ICRA] AA- (Pronounced as ICRA double A minus) Outlook: Stable	Reaffirmed
External Commercial Borrowing	JPY 132 Million	[ICRA] AA- (Pronounced as ICRA double A minus) Outlook: Stable	Reaffirmed
Fund Based Limits	671	[ICRA] AA- (Pronounced as ICRA double A minus) Outlook: Stable	Reaffirmed
Non- Fund Based Limits	744	[ICRA] AA- (Pronounced as ICRA double A minus) Outlook: Stable/[ICRA] A1+(Pronounced ICRA A one plus)	Reaffirmed
Commercial Paper	300	[ICRA] A1+ (Pronounced as ICRA A one plus) Instruments with [ICRA] A1+ rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk	Reaffirmed

## Annexure XI of the Board's Report (Contd.)

### Rating by CARE

CARE Ratings Limited vide their letter dated 05 February 2020 has assigned to Company's various credit facilities and instruments as mentioned below:

Facilities	Amount (₹ in Crores)	Rating Assigned	Remarks
Non-Convertible Debenture Issue	150	CARE AA- ; Stable (Double A minus; Outlook: Stable)	Reaffirmed
Long Term Bank Facilities	48.68	CARE AA- ; Stable (Double A minus; Outlook: Stable)	Reaffirmed
Long Term Bank /Short Term Bank Facilities	1625.00	CARE AA- ; Stable / CARE A1+ (Double A minus; Outlook: Stable/ A One Plus)	Reaffirmed
Commercial Paper	300	CARE A1+ (A one plus)	Reaffirmed

### Distribution of Shareholding and Shareholding Pattern as on 31 March 2020

#### • Distribution of Shareholding as on 31 March 2020

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Upto 5000	83,701	78.94	11,224,124	2.68
5001 to 10000	10,368	9.78	8,745,468	2.09
10001 to 20000	5,864	5.53	9,395,475	2.24
20001 to 30000	2,323	2.19	5,853,837	1.40
30001 to 40000	997	0.94	3,614,064	0.86
40001 to 50000	745	0.70	3,505,135	0.84
50001 to 100000	1,167	1.10	8,621,171	2.06
100001 to 500000	720	0.68	14,745,373	3.52
500001 to 1000000	55	0.05	3,866,611	0.92
1000001 and Above	91	0.09	349,236,524	83.39
<b>Total</b>	<b>106,031</b>	<b>100.00</b>	<b>418,807,782</b>	<b>100.00</b>

#### • Shareholding pattern as on 31 March 2020

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
<b>(A) Promoter Group</b>				
(a) Directors & relatives	8	0.01	12,728,600	3.04
(b) Bodies corporate	2	0.00	192,086,607	45.87
<b>Sub- total (A)</b>	<b>10</b>	<b>0.01</b>	<b>204,815,207</b>	<b>48.91</b>
<b>(B) Non-promoters</b>				
(a) Mutual funds / UTI	3	0.00	9,166,409	2.19
(b) Financial institutions/Bank	1	0.00	409,038	0.10
(c) Foreign Company	1	0.00	103,178,860	24.64
(d) Foreign Portfolio	49	0.05	7,091,830	1.69

## Annexure XI

### of the Board's Report (Contd.)

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(e) Alternate Investment Funds	2	0.00	1,961,996	0.47
(f) Central Government/ State Government(s)/ President of India.	1	0.00	3,000	0.00
(g) Domestic Company, Clearing Member, NBFC registered with RBI	816	0.77	14,186,911	3.39
(h) Individuals, HUF, Trust	10,3080	97.22	71,174,493	16.98
(i) IEPF	1	0.00	3,096,949	0.74
(j) N. R. I.	2,066	1.95	3,720,089	0.89
(k) Nationalised Bank	1	0.00	3,000	0.00
<b>Sub-total (B)</b>	<b>106,021</b>	<b>99.99</b>	<b>213,992,575</b>	<b>51.09</b>
<b>Total (A) + (B)</b>	<b>106,031</b>	<b>100.00</b>	<b>418,807,782</b>	<b>100.00</b>

#### Dematerialization of shares and liquidity

The shares of the Company are under compulsory demat list of SEBI and it has joined as a member of the Depository services with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialization of its' shares. Shareholders can get their shares dematerialized with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28<sup>th</sup> September 2010, each equity shares of face value of ₹ 10/- each has been sub-divided into ten equity shares of ₹ 1/- each and the depositories allotted the following new ISIN number to the Company:

**NSDL - INE 019C01026**

**CDSL - INE 019C01026**

As on 31 March 2020, out of the 418,807,782 equity shares of the Company 415,216,940 shares were held in Electronic form representing 99.14% to the total paid up share capital, whereas balance of 3,590,842 shares were held in physical form representing 0.86% to the total paid up share capital of the Company.

The summary is given below:

<b>Held in dematerialised form in CDSL</b>	37,564,509	8.97%
<b>Held in dematerialised form in NSDL</b>	37,765,2431	90.17%
<b>Physical</b>	3,590,842	0.86%
<b>Total No. of shares</b>	<b>418,807,782</b>	<b>100.00%</b>

#### Foreign Exchange Risk and Hedging activities

In terms of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

#### Locations of Plants

Sl. No.	Location of Plant
1	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
2	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
3	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
4	Korba Unit - Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh)
5	Vizag Unit - Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)

## Annexure XI of the Board's Report (Contd.)

Sl. No.	Location of Plant
6	Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
7	Vapi Unit - G.I.D.C., Phase I, Vapi, Gujarat
8	Sambalpur Unit, Kenghati. P.O Jayantpur, Sambalpur -768112
9	Falta Special Economic Zone J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504
10	China Unit, Longkou, Shandong, China. (Step-down Subsidiary)

### Address for correspondence

All communication may be sent to Ms. Monika Saraswat, Company Secretary and Compliance Officer at the following address:

**Himadri Speciality Chemical Ltd**

**23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite no 15  
Kolkata - 700 001**

**Phone number: (033) 2230 9953/ 2230 4363**

**Fax No 033-2230-9051**

**e-mail: [investors@himadri.com](mailto:investors@himadri.com)**

All shares related queries may be sent to the Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006. Ph. No: 0033- 22196797/ 4815.

### 17. SUBSIDIARY COMPANIES

The Company also has two Subsidiary Companies 1) AAT Global Limited, Hong Kong in which the Company holds 100% equity 2) Shandong Dawn Himadri Chemical Industry Ltd ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned Subsidiary Company, AAT Global Limited. Equal Commodeal Pvt. Ltd, the Wholly Owned Subsidiary Company has been merged with its parent Company vide order of Hon'ble NCLT, Kolkata Bench, vide its order dated 14 October 2019.

The Board of Directors of the Company regularly reviews the minutes of the Board Meetings and financial statements of the unlisted subsidiary

companies. Further, the Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies. The Company has duly formulated a policy for determining 'Material' Subsidiaries. The main objective of the policy is to ensure governance of material subsidiary companies.

The web link for Policy for determining Material Subsidiaries is placed on the website of the Company at [https://www.himadri.com/pdf/corporate\\_governance/policy\\_for\\_determining\\_material\\_subsiadiary.pdf](https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsiadiary.pdf)

### 18. OTHER DISCLOSURES

**i. Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc.) that may have potential conflict with the interests of the Company at large;**

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company. The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions and the Committee provided omnibus approval

## Annexure XI

### of the Board's Report (Contd.)

for related party transactions which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board. There were no material transactions during the financial year 2019-20 that were prejudicial to the Company's interest. There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large. All material transactions with related party has disclosed in form AOC-2 given in **Annexure IX** forming the part of the Board's report. Related party transactions as per requirements of Indian Accounting Standard (Ind- AS 24) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2020.

#### ii. **Reconciliation of Share Capital Audit Report;**

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital as on the close of the financial year 2019-20. The Reconciliation of Share Capital confirms that the total issued / paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### iii. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years;**

The Company has complied with the

requirements of the stock exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchange(s), SEBI or any statutory authority in any matter related to capital markets.

#### iv. **Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no person has been denied access to the Audit Committee;**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company. The Board appointed Ms. Monika Saraswat, Company Secretary as Vigilance Officer for this purpose. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

#### v. **Mandatory and Non-mandatory requirements;**

The Company has complied with the mandatory requirements and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

#### vi. **Details of compliance with Non-mandatory (discretionary) requirements;**

The Company has complied with the following non mandatory (discretionary) requirements as specified in Part E of Schedule II of SEBI Listing Regulations:

##### a. **Shareholders' Rights**

The Company's financial results are published in the newspapers and also



## Annexure XI

### of the Board's Report (Contd.)

posted on its own website ([www.himadri.com](http://www.himadri.com)). Hence, the Financial Results deemed to be sent to the shareholders. The Company had sent Annual Reports for 2019 together with Notice of the Annual General Meeting in electronic mode to those shareholders who had given their consent in this regard and registered their e-mail addresses with the Company's RTA or the Depositories for this purpose. For other shareholders, who had not registered their email ids, the complete Annual Report for 2019 in physical form was sent at their registered address.

#### **b. Unmodified Audit Opinion**

During the year under review, there is no audit qualification in your Company's Standalone and Consolidated financial statements. Your Company continues to adopt best practices to ensure regime of financial statements with unmodified audit qualifications.

#### **c. Reporting of Internal Auditor**

The Company's Internal Auditor reports directly to the Audit Committee.

#### **vii. Proceeds from Public Issues, Rights Issue, Preferential Issues, Qualified Institutional Placement etc.;**

The Company has not raised any money through issue of Securities by means of Public issue, Rights Issue, Preferential Issue, Qualified Institutions Placement etc. during the financial year ended 31 March 2020.

#### **viii. Web link where policy on determining 'material' subsidiaries is disclosed;**

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the web link for the same is: [https://www.himadri.com/pdf/corporate\\_governance/policy\\_for\\_determining\\_material\\_subsidiary.pdf](https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf)

#### **ix. Web link where policy on dealing with related party transactions;**

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is [https://www.himadri.com/pdf/corporate\\_governance/policy\\_on\\_related\\_party\\_transactions.pdf](https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf)

#### **x. Disclosure of commodity price risks and commodity hedging activities;**

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

#### **xi. Declaration of Non-Disqualification or debarment for appointment / continuing as the Director in companies for the financial year 2019-2020;**

There is no such director on the Board of the Company who has been disqualified by virtue of any provisions of the Companies Act, 2013 and any other laws or debarred by any regulatory authority to be appointed or continue to act as Director.

Certificate from a Company Secretary in Practice 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 Board/Ministry of Corporate Affairs or any such statutory authority is annexed to this report as Annexure II.

## Annexure XI

### of the Board's Report (Contd.)

#### xii. Recommendation from the Committees to the Board;

There were no such instances where the Board has not accepted the recommendations

of / submissions by the Committee, which were required for the approval of the Board of Directors during the financial year under review.

#### xiii. Details of fees paid to statutory auditor;

Total fees paid by the Company to the statutory auditors for all the services provided by them are as follows:

	Amount in ₹ Lakhs	
	FY 2019-20	FY 2018-19
Payment towards-		
Statutory Audit Fee	50.50	46.44
Limited Review Reports	9.50	4.50
Certification Fees	9.56	1.90
Non-Audit Services	8.57	14.02
Re-imbursment of Expenses	6.17	4.88
<b>Total</b>	<b>84.30</b>	<b>71.74</b>

#### xiv. Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

The Company has constituted Internal Complaint Committee pursuant to Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. During the financial year 2019-20, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the financial year.

#### Details of Complaints received and redressed during the financial year 2019-20 are as follows:

- Number of complaints outstanding at the beginning of financial year - Nil
- Number of complaints filed during the financial year - Nil
- Number of complaints disposed of during the financial year - Nil
- Number of complaints pending as on end of the financial year - Nil

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year- NIL
- number of shareholders who approached listed entity for transfer of shares from suspense account during the year- NIL
- number of shareholders to whom shares were transferred from suspense account during the year- NIL
- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year- NIL
- that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares- NIL

#### xvi. Disclosure of discretionary requirements as specified in Part E of Schedule II have been adopted;

The Internal auditor usually place internal audit report to the Audit Committee.

#### xv. Disclosures with respect to demat suspense account/ unclaimed suspense account;

There is no shares in demat suspense account.

## Annexure XI of the Board's Report (Contd.)

### xvii. Disclosure of Non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of para C of Schedule -V of SEBI (LODR) Regulation, 2015, with reasons thereof shall be disclosed;

There is no instance of non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of para C of Schedule -V of SEBI (LODR) Regulation, 2015

### xviii. Disclosure of the Compliance of the Corporate Governance;

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 except Regulation 21 as the same is not applicable to the Company and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of Regulation 46 (2) of the SEBI Listing Regulations.

#### Details of corporate policies

Sl. No	Policy	Link
1	Corporate Social Responsibility Policy	<a href="https://www.himadri.com/pdf/corporate_governance/policy_on_corporate_social_responsibility.pdf">https://www.himadri.com/pdf/corporate_governance/policy_on_corporate_social_responsibility.pdf</a>
2	Composition and Profile of the Board of Directors	<a href="https://www.himadri.com/leadership">https://www.himadri.com/leadership</a>
3	Terms and Conditions of appointment of Independent Directors	<a href="https://www.himadri.com/corporate_governance">https://www.himadri.com/corporate_governance</a>
4	Familiarization Programme for Independent Directors	<a href="https://www.himadri.com/pdf/corporate_governance/familiarisation_programme_2019_20.pdf">https://www.himadri.com/pdf/corporate_governance/familiarisation_programme_2019_20.pdf</a>
5	Remuneration policy of Directors, KMPs & other Employees	<a href="https://www.himadri.com/pdf/corporate_governance/nomination_remuneration_policy_june2018.pdf">https://www.himadri.com/pdf/corporate_governance/nomination_remuneration_policy_june2018.pdf</a>
6	Code of Conduct	<a href="https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_all_director_and_senior_management.pdf">https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_all_director_and_senior_management.pdf</a>
7	Criteria for making payments to Non-Executive Directors Executive Directors	<a href="https://www.himadri.com/pdf/corporate_governance/criteria_of_making_payment_to_non_executive_directors.pdf">https://www.himadri.com/pdf/corporate_governance/criteria_of_making_payment_to_non_executive_directors.pdf</a>
8	Code of Conduct for Non-Executive Directors	<a href="https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_independent_directors.pdf">https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_independent_directors.pdf</a>
9	Policy on Related Party Transactions	<a href="https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf">https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf</a>
10	Policy on determining Material Subsidiaries	<a href="https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf">https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf</a>
11	Whistle Blower Policy	<a href="https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf">https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf</a>
12	Policy on determination of Materiality for Disclosure(s)	<a href="https://www.himadri.com/pdf/corporate_governance/policy_on_determination_of_materiality_of_events2020.pdf">https://www.himadri.com/pdf/corporate_governance/policy_on_determination_of_materiality_of_events2020.pdf</a>
13	Business Responsibility Policy	<a href="https://www.himadri.com/pdf/corporate_governance/HSC_L_BRR_POLICY.pdf">https://www.himadri.com/pdf/corporate_governance/HSC_L_BRR_POLICY.pdf</a>
14	Dividend Distribution Policy	<a href="https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf">https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf</a>

### xix. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results. [Para A (2A) of Schedule V];

No such transactions during the financial year. All transactions with related parties have been disclosed in Financial Statements.

For and on behalf of the Board

Sd/-

**Anurag Choudhary**

Managing Director & Chief Executive Officer

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

Executive Director

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020

## Annexure XI of the Board's Report (Contd.)

### Annexure I

#### DECLARATION BY THE CHIEF EXECUTIVE OFFICER

[Pursuant to Regulation 34 (3) {Schedule V Paragraph D} of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members of  
Himadri Speciality Chemical Ltd

I, Anurag Choudhary, Managing Director & Chief Executive Officer of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the designated personnel in the Senior Management Personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2020.

For Himadri Speciality Chemical Ltd

Sd/-  
**Anurag Choudhary**  
Managing Director & Chief Executive Officer  
(DIN: 00173934)  
Date: 21 July 2020

### Annexure II

#### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
Himadri Speciality Chemical Ltd  
23A, Netaji Subhas Road, 8<sup>th</sup> Floor  
Suite No. 15, Kolkata - 700001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Himadri Speciality Chemical Ltd** having CIN: L27106WB1987PLC042756 and having registered office at 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No. 15, Kolkata - 700001 (hereinafter referred to as 'the Company'), produced to me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status] at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, certify that following are the Directors on the Board of the Company as on 31 March 2020:

## Annexure XI of the Board's Report (Contd.)

SL. NO.	DIN	FULL NAME	DESIGNATION	DATE OF APPOINTMENT
1	00018375	Hanuman Mal Choraria	Director	11/08/2014
2	00104948	Hardip Singh Mann	Director	14/11/2011
3	00152358	Amit Choudhary	Whole-time Director	14/08/2019
4	00173732	Shyam Sundar Choudhary	Whole-time Director	28/07/1987
5	00173792	Bankey Lal Choudhary	Whole-time Director	28/07/1987
6	00173858	Vijay Kumar Choudhary	Whole-time Director	28/07/1987
7	00173934	Anurag Choudhary	Managing Director	14/08/2019
8	00174003	Tushar Choudhary	Whole-time Director	14/08/2019
9	00364962	Santosh Kumar Agrawala	Director	14/11/2016
10	00631772	Sakti Kumar Banerjee	Director	11/07/2006
11	06875452	Santimoy Dey	Director	27/05/2014
12	06921540	Sucharita Basu De	Director	01/04/2019

I further certify that none of the above said Directors on the Board of the Company for the financial year ending on 31 March 2020 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, or any such other Statutory Authority. Ensuring the eligibility of 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.

Place: Kolkata  
Date: 27 May 2020

**Rajarshi Ghosh**  
Practising Company Secretary  
ACS: 17770; COP No.: 8921  
UDIN: A017717B000569554



## Annexure XI of the Board's Report (Contd.)

### Annexure III

#### CERTIFICATE ON CORPORATE GOVERNANCE

**To  
The Members**

**Himadri Speciality Chemical Ltd  
Kolkata**

We have examined the compliance of the conditions of Corporate Governance by Himadri Speciality Chemical Ltd ("the Company") for the period between 1 April 2019 and 31 March 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

#### Management's Responsibility

The compliance of the conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

#### Auditor's Responsibility

1. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
2. Wherever required, our examination of books and records maintained by the Company, were based on relying upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our examination, there was a need for physical access to any of the places of business of the Company, the same has not been uniformly possible in view of the prevailing lockdown.
3. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the management and the Company's officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

**For Vinod Kothari & Company  
Practising Company Secretaries  
Pammy Jaiswal**

*Partner*

CP No.: 18059

Membership No.: A48046

UDIN: A048046B000317986

Date: 04-06-2020

Place: Kolkata

## Annexure XI of the Board's Report (Contd.)

### Annexure IV

#### CEO & CFO CERTIFICATION

To

The Members of

Himadri Speciality Chemical Ltd

23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No 15,

Kolkata - 700 001

**Sub: CEO & CFO certification in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015**

We,

- 1) Anurag Choudhary, Managing Director & Chief Executive Officer and
- 2) Kamlesh Kumar Agarwal, Chief Financial Officer

Certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2020 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Himadri Speciality Chemical Ltd**

Sd/-

**Anurag Choudhary**  
Managing Director &  
Chief Executive Officer  
(DIN: 00173934)

Sd/-

**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

## Annexure XII of the Board's Report

### BUSINESS RESPONSIBILITY REPORT

#### Section A: General information about the Company

1. **Corporate Identity Number (CIN)** : L27106WB1987PLC042756
2. **Name of the Company:** : Himadri Speciality Chemical Ltd
3. **Registered address** : 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No. 15, Kolkata – 700 001
4. **Website** : [www.himadri.com](http://www.himadri.com)
5. **E-mail id:** : [investors@himadri.com](mailto:investors@himadri.com)
6. **Financial year reported:** : 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Particulars	National Industrial Code
Carbon Materials & Chemicals	23999
Power	38210

8. **The key products/services manufactured (as in balance sheet):**
  - i. **Carbon Materials and Chemicals**
  - ii. **Power**
9. **Total number of locations where business activity is undertaken:**
  - i. **Number of international locations:**  
Himadri Speciality Chemical Ltd carries out its international operations in Longkou, Shandong, China through its step-down subsidiary Shandong Dawn Himadri Chemical Industry Ltd.
  - ii. **Number of national locations:**  
The Company carries out its operation through its head office in Kolkata and several marketing offices across India. The Company has one manufacturing unit at Mahistikry, Hooghly, West Bengal, two manufacturing units at Liluah, Howrah, West Bengal, one unit at Falta SEZ, West Bengal, one unit each at Korba, Chhattisgarh, Vapi, Gujarat, Vishakhapatnam, Andhra Pradesh, Sambalpur, Odisha and Dhule, Maharashtra.
10. **Markets served by the Company: Local/State/ National/International**  
Himadri products are sold across India. In international markets, the geography Himadri primarily caters to include Asia, Middle East, Europe, Africa and Americas.  
In international markets, the geography Himadri primarily caters to include Asia, Middle East, Europe, Africa and America.

#### Section B: Financial details of the Company as on 31 March 2020

1. **Paid up capital (₹):** 4,188.08 lakhs
2. **Total turnover (₹):** 180,349.85 lakhs
3. **Total profit after taxes (₹):** 8,097.65 lakhs
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%):** ₹ 113.68 lakhs which is 1.40% of the PAT
5. **List of activities in which expenditure in 4 above has been incurred:**  
Please refer **Annexure X** of Board's Report

## Annexure XII of the Board's Report (Contd.)

### Section C: Other Details

**1. Does the Company have any subsidiary Company/ Companies?**

Yes. HSCL has one wholly owned subsidiary AAT Global Limited incorporated in Hong Kong and has one step-down subsidiary, Shandong Dawn Himadri Chemical Industry Ltd ("SDHCIL") in China, in which the Company holds 94% equity through AAT Global Limited as on 31 March 2020.

**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).**

No

**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? [>30%, 30-60%, < 60%]**

The Company's BR Policy is applicable to the management and all employees of the Company. The Company encourages and expects its business partners to adopt the BR practices. However, no formal study has been undertaken as of date to ascertain the percentage of such entities who participate in BR activities.

### Section D: BR information

**1. a. Details of Director/Directors responsible for BR implementation of the BR policy/policies**

- i. **Name:** Mr. Bankey Lal Choudhary
- ii. **DIN :** 00173792
- iii. **Designation:** Executive Chairman
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** [investors@himadri.com](mailto:investors@himadri.com)

**b. Details of BR head**

- i. **Name:** Mr. Anurag Choudhary
- ii. **DIN:** 00173934
- iii. **Designation:** Managing Director & Chief Executive Officer
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** [investors@himadri.com](mailto:investors@himadri.com)

**2. Principle-wise BR Policies as per National Voluntary Guidelines**

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

<b>p1</b>	Business should conduct and govern themselves with Ethics, Transparency and Accountability
<b>p2</b>	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
<b>p3</b>	Businesses should promote the well-being of all employees
<b>p4</b>	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
<b>p5</b>	Businesses should respect and promote human rights
<b>p6</b>	Business should respect, protect and make efforts to restore the environment
<b>p7</b>	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
<b>p8</b>	Businesses should support inclusive growth and equitable development
<b>p9</b>	Businesses should engage with and provide value to their customers and consumers in a responsible manner

## Annexure XII

### of the Board's Report (Contd.)

#### (a) Details of Compliance (Reply in Y / N)

Questions	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 being 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	Y	Y	Y	Y	Y	Y	Y	Y
	The policy is based on National Voluntary Guidelines on Social, Environmental & Economical Responsibilities of Business released by Ministry of Corporate Affairs in July 2011.								
4 Has the policy being approved by the Board? if yes, It has been signed by MD	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
	The Director responsible for BR and BR head is responsible for implementation of the policy								
6 Indicate the link for the policy to be viewed online?	<a href="https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf">https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf</a>								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	It has been posted on the Company's Website.								
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



## Annexure XII of the Board's Report (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1	The Company has not understood the Principles									
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						Not Applicable			
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. Governance related to BR

i. **Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:**

The BR Head periodically assess the BR performance of the Company and the Board reviews the same annually.

ii. **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 has adopted its BR report for FY 2019-20 which forms the part of the Annual Report. The same can be viewed on the website of the Company at [www.himadri.com](http://www.himadri.com)

### Section E: Principle-wise performance

#### PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH 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?**

The Company's policy on Ethics, Transparency and Accountability along with the Code of Conduct is applicable to all the individuals working in the Company. The Company encourages its business partners to follow the code. The policy also intends for fair dealings with customers, suppliers, contractors and other stakeholders.

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

No stakeholder complaints were received pertaining to ethics, transparency and accountability violation in financial year 2019-20.

#### PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

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

- Coal Tar Pitch
- Carbon Black
- Naphthalene

## Annexure XII

### of the Board's Report (Contd.)

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**Power:** The Company produces and uses green power. The Company makes use of the exhaust gases generated during production of carbon black to produce captive power.

**Fuel:** Coal tar, which is a key raw material, is a by-product of steel plants. The fuel derived from distillation of coal tar is used as energy source for production process.

**Water:** We utilise all our effluent by treating chemically followed by reverse osmosis process. We have a zero discharge facility.

**Raw Material:** For each of the products, the key raw materials are coal tar and carbon black feedstock which are procured from domestic and international markets.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? if yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

The Company considers aspects such as safety and environment in addition to commercial considerations while selecting its suppliers. Most of the raw materials are sourced from these suppliers.

**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?**

The major raw material used by the Company in manufacturing its products are of such nature, which are generally not produced by small producers. However, for all other products the Company tries to procure from local supply chain partners which include small scale industries who meet our quality, delivery, cost and technology expectations. Efforts are continuously made to use local service providers for availing various support services at our various plants and services.

**5. Does the Company have a mechanism to recycle products and waste? if yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

The Company has a robust efficient effluent treatment process thereby enabling it continuously maintain Zero-discharge status across all the facilities.

The Company has a closed loop process and does not generate any waste. All the by-products are converted to finished goods. The water content in raw material is separated during the manufacturing process. This is treated in ETP plant and recycled as input in the manufacturing process. Of the total input, waste generated and recycled is less than 5%.

#### PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

**1. Total number of employees: 972**

**2. Total number of employees hired on temporary/ contractual/casual basis: 409 (hired in financial year 2019-20)**

**3. Number of permanent women employees: 41**

**4. Number of permanent employees with disabilities: 0**

**5. Do you have an employee association that is recognised by management?** There is no employee association

**6. What percentage of your permanent employees is members of this recognised employee association?**

Not Applicable

## Annexure XII of the Board's Report (Contd.)

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

No.	Category	No of complaints filed during the year	No of complaints pending as on the end of financial year
1	Child labour, forced labour, involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment.	Nil	Nil

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

40 per cent of employees were trained on skill up gradation training (Technical & managerial together) and 42 per cent trained on safety.

### PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. Has the Company mapped its internal and external Stakeholders?

Yes – the Company has done so consummately.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?

Yes, we always actively work to identify underprivileged communities in and around our Manufacturing Sites to prioritise our intervention and work on to serve their needs through our well-crafted CSR Programs. The needs are identified through various listening and learning methods and are prioritised by suitably addressing the needs of the Community and the long term strategic growth of the Company as well.

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

Yes. Himadri Speciality Chemical Ltd believes that it has an important role to play in the inclusive growth of the Society and the Community in which it operates

- The Company has taken up Project for provision of Safe Drinking Water to each household in the Village.
- The Company promotes Education and Literacy in adjoining villages. Free Distribution of Books is the initiative taken at the commencement of each Academic Year for the needy School Children so that they can seamlessly pursue their studies.
- The Company provides Healthcare Facilities to the underprivileged in and around its Factory premises. A Medical Centre is run in the Village where the Manufacturing Activities of the Company is situated. It provides Free Medical Consultation and Free Medicine to the needy Villagers of all adjoining Villages around the year.

Details of all the Activities listed above can be found in **Annexure X** to the Board's Report.

### 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 respects & protects the human rights of all people around and associated with it. The Company complies with applicable laws and regulation governing occupational health and safety. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company is holding ISO 9001:2008 and ISO 14001:2015 certification for

## Annexure XII

### of the Board's Report (Contd.)

Health and Safety Standards and Environment Management Standards. The Company expects its suppliers, contractors etc. to adhere to the principles of human rights.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved?**

No stakeholder complaints were received pertaining to human rights violation in financial year 2019-20.

#### **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.**

The Company is committed to safeguard the interest of environment with a view of sustainable development. For the same, Company has taken many environmental friendly initiatives and also carried out process modification to protect environment. The Company's Environmental policy is applicable to all its business places.

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

The Company understands and recognizes that climate change and global warming are real threat to the global community and each person has a role & responsibility to address such alarming issue. The Company has taken the following initiatives to address these global environmental issues as:

- i. Advance Carbon Material for Lithium-ion batteries:** The Company has developed an advance carbon material for lithium-ion batteries and is expanding its commercial capacity to market the same. Lithium-ion batteries are critical for industries like electric vehicles and renewable energy storage solutions thereby reducing the reliance on fossil fuel globally.
- ii. Operation of Boiler through waste flue gas generated from Carbon Black reactor during the production of Carbon Black:** The waste flue gas generated from the carbon black reactor is routed to the drier where it is being utilized for drying the Carbon Black. Thus, additional fuel is not required for the operation of drier thereby reducing the emission of Carbon dioxide a greenhouse gas. The power generated by the Company is clean power eligible for carbon credits.
- iii. Use of heat exchanger:** The heat exchanger transfers some of the waste heat in the exhaust to the furnace air, thus preheating it before entering the fuel burner stage. Since the gases have been pre-heated, less fuel is required to heat the gases up to the furnace inlet temperature. By recovering some of the energy usually lost as waste heat, the heat exchanger can make reheating furnace more efficient. Less use of fuel ultimately leads to less generation of carbon-dioxide thereby contributing to global cause.

More information is available on following web link: <https://www.himadri.com/sustainability>

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

Yes.

**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, is any environmental compliance report filed?**

No, the Company presently does not have any project related to clean development mechanism.

**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.**

The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. **Annexure VIII** to the Board's Report contains details of the steps taken to conserve energy during the year.

## Annexure XII of the Board's Report (Contd.)

Sustainable growth is an integral part of Company's philosophy and multiple projects and initiatives are undertaken to address clean technology, energy efficiency, renewable energy etc. The Company is **Carbon Positive** in its operations and has zero discharge facilities. Some of the initiatives are listed below:

**Clean and green power:** The Company generates power from fuel gas generated during production of carbon black. This power is clean and green power. The power is used for captive consumption as well as sold to grid to reduce overall carbon footprint.

**Alternative Source of energy:** The Company has started commissioning alternate source of energy through use of solar panels for the lighting equipment as well as very long solar panels for the warehouse and packaging activity also contemplating to progressively use this source in critical manufacturing equipment.

**Waste management:** Well integrated system to handle wastes. E.g., all the water waste generated during process is utilised as input material for another process.

- Kitchen waste - we generate the bio-gas which in turn used for our canteen cooking

### 6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All the plants of the Company comply with the prescribed emission norms of various Central/State pollution control boards. All the emission and waste generated by the Company is well within the permissible limits given by SPCB/CPCB for the financial year reported.

### 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.

No show cause or legal notices from the pollution control authorities are pending as at the end of the financial year.

## 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.

(a) Bharat Chamber of Commerce (b) Indian Chamber of Commerce and Industry (c) Indo-German Chamber of Commerce (d) Federation of Indian Chambers of Commerce and Industry (e) CII (f) Hooghly Chamber of Commerce & Industry (g) ACAE Chartered Accountants' Study Circle - EIRC and (h) ASSOCHAM

### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.

We do from time to time take up issues through these associations on matters of public and industry interest.

## PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

The Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. The Company has several socio-economic projects running in various areas and are taken as per the CSR policy of the Company which includes:

- Promoting healthcare including preventing healthcare.
- Promoting education and special education.
- Eradicating hunger and making available safe drinking water

The details of specific CSR projects are given in **Annexure X** to the Board's Report.



## Annexure XII of the Board's Report (Contd.)

### 2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/Government structures/any other organisation?

The aforesaid projects have been carried out by the Company directly and/or through implementing agencies.

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

Efforts are made to make a general assessment of impact of some of the initiatives. The CSR Committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programs and to gain insight for improving the design and delivery of future initiatives. However, no structural impact assessment is put in place at present.

### 4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

During the year, the Company has spent ₹ 113.68 lakhs towards various CSR initiatives and projects. The details of the same are given in **Annexure X** to the Board's Report.

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

All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR policy framework and presented to the CSR committee for its review, guidance and approval. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community.

## PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND 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?

No customer complaints are pending as on the end of the financial year.

### 2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable

### 3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no case against Himadri Speciality Chemical Ltd during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

Himadri believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectation and essentially to gauge our competitiveness in the business. Himadri leverages its presence across the country to remain consistently in touch with the customers through its business unit and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. Our ongoing efforts have made us market leaders or significant players across all products we operate in.

For and on behalf of the Board

Sd/-

**Anurag Choudhary**

*Managing Director & Chief Executive Officer*

(DIN: 00173934)

Sd/-

**Shyam Sundar Choudhary**

*Executive Director*

(DIN: 00173732)

Place: Kolkata

Date: 21 July 2020



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## **FINANCIAL STATEMENTS**

**154-331**

154 Standalone Financial Statements  
246 Consolidated Financial Statements



## Independent Auditors' Report

### To the Members of Himadri Speciality Chemical Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the standalone financial statements of Himadri Speciality Chemical Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2020, and profit and other comprehensive income, 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. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

##### Emphasis of Matter

We draw attention to note 50 of the standalone financial statements, regarding the approval of Scheme of Amalgamation between the Company and its wholly owned subsidiary company, Equal Commodeal Private Limited, by the National Company Law Tribunal ("NCLT"), vide NCLT's order dated 14 October 2019, with appointed date of 1 April 2018. A certified copy of the order sanctioning the Scheme has been filed by the Company with the Registrar of the Companies, West Bengal, on 11 November 2019. Accordingly, the audited standalone financial statements for the year ended 31 March 2019, have been restated by the Company after recognising the effect of the merger from the appointed date as stated in the aforesaid note.

Our opinion is not modified in respect of this matter.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditors' Report (Contd.)

### Description of Key Audit Matter

#### Assessment of impairment of investments and provision of loans and advances given to subsidiary

See note 7 and 11 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has made investments in equity shares and given loans and advances ("loans") to a wholly owned subsidiary ("WoS"), who in turn has invested in equity shares and given loans to a step-down subsidiary ("the subsidiary").</p> <p>The subsidiary has incurred losses during the year ended 31 March 2020 and its net worth stands fully eroded as on that date, which indicates potential impairment of investments, and loans.</p> <p>Determining whether there is objective evidence of impairment, which includes a significant shortfall in the investee's actual business performance compared with budgets and significant changes in the technological, market, economic or legal environment that have an adverse effect on the fair value of the investment for investments which do not have a quoted prices in an active market, involves the exercise of significant management judgement.</p> <p>We identified assessing potential impairment of investments in subsidiary and loans given to subsidiary as a key audit matter because of the significance of such investments and loans to the financial statements and because of the degree of judgement exercised by management in determining whether there was objective evidence of impairment of investments and provision of loans.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of controls as established by the Company in determination of appropriateness of the carrying value of investments and loans.</li> <li>- Discussed with the Company whether there was any objective evidence of impairment of investment and loans, and challenging management's assertions and conclusions with reference to the guidance in the prevailing accounting standards and by (i) obtaining the latest available budgets and comparing the actual performance of the subsidiary with management expectations, (ii) obtaining and reviewing the latest financial statements of the subsidiary, and (iii) comparing the carrying amount of the investments and loans with the audited net worth of the subsidiary companies which have been audited by the respective component auditor.</li> <li>- Assessed the appropriateness of the valuation methodology used by the Company and tested the mathematical accuracy of the impairment models.</li> <li>- Evaluated the Company's process regarding impairment assessment by involving our valuation experts to assist in assessing the appropriateness of the investment's impairment model, including the independent assessment of the underlying assumptions relating to discount rate, economic growth rate, terminal values etc.</li> <li>- Performed sensitivity analysis around the key assumptions, in particular, discount rates and long-term growth rates.</li> <li>- Assessed the appropriateness of disclosure made in the standalone financial statements of the Company.</li> </ul>

### Litigation and regulatory proceedings

See note 8 and 16 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2020, the Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years.</p> <p>The Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation.</p> <p>These estimates could change substantially over time as new facts emerge and legal cases progress.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>- Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter.</li> <li>- Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Company.</li> <li>- Evaluated the independence and competency of legal expert engaged by the Company.</li> <li>- Read the independent legal opinion obtained by the Company from external legal counsel.</li> </ul>

## Independent Auditors' Report (Contd.)

The key audit matter	How the matter was addressed in our audit
<p>The Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same.</p> <p>We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the standalone financial statements for the year ended 31 March 2020.</p>	<ul style="list-style-type: none"> <li>- Obtained and tested evidence to support the Company's assessment on recoverability of the amount receivable from a customer and advances given to suppliers.</li> <li>- Assessed the appropriateness of disclosure made in the standalone financial statements of the Company.</li> </ul>

### Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 33 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised Minimum Alternate Tax ('MAT') credit entitlement (a component of deferred tax assets) as at 31 March 2020. The utilisation of this asset will be through offsetting it when the Company pays taxes under the normal provision of Income-tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income-tax Act, 1961.</p> <p>The Company recognises MAT credit only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans.</p> <p>Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions.</p> <p>Due to significant level of judgement as stated aforesaid, we have identified recoverability of MAT credit entitlement as a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>- Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard.</li> <li>- Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit and budgeting procedures upon which the approved business plans are based.</li> <li>- Assessed the profit forecast prepared by the Company by comparing it with the historical trends, current year performance and approved future business plans. Our assessment was based on our knowledge of the business.</li> <li>- Evaluated the Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Company's assessment to business plans and projections of future taxable profits with the prescribed credit utilisation period under the Income-tax Act, 1961.</li> <li>- Assessed the adequacy of related disclosures made in the standalone financial statements of the Company.</li> </ul>

### Other Information

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, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation



## Independent Auditors' Report (Contd.)

of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and 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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 risks of material misstatement of the standalone 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 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 with reference to financial statements 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' report to the related disclosures in the standalone 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

## Independent Auditors' Report (Contd.)

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 financial statements, including the disclosures, and whether the standalone 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to

the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer

## Independent Auditors' Report (Contd.)

- Note 8(c), 16(b), 24 and 35(a) to the standalone financial statements;
- 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 - Refer Note 21 to the standalone financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act, which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner

Place: Kolkata  
Date: 21 July 2020

Membership No. 055757  
UDIN: 20055757AAAACJ4289

## Annexure A

### to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020

**(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain items of fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for, leasehold lands where we have verified the lease agreements duly registered with the appropriate authorities as disclosed in Note 4A to the standalone financial statements, and title deeds of freehold lands amounting to ₹ 518.86 lakhs which were transferred to the Company pursuant to the Scheme of Amalgamation as disclosed in Note 4A and 50 to the Standalone Financial Statements. As explained to us, steps are being taken to complete the transfer of the name in the title deeds in the name of the Company.
- (ii) The inventory, except stock lying with third parties and goods-in-transit, have been physically verified by the management of the Company at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stock lying with third parties as at the year end, written confirmations have been obtained and in respect of goods-in-transit, subsequent receipts of goods have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us and based on our examination of the records, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company. However, loans granted by the Company to a wholly owned subsidiary has been fully provided for in the current year.
- (iv) According to the information and explanations given to us, the Company has not given any loans, guarantees or securities during the year that would attract provisions of section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to investments made and loans given. The Company has not provided any guarantees or security under the provisions of Section 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

## Annexure A

### to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020 (Contd.)

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Goods and services tax, Duty of customs, Cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues of Profession tax, Provident Fund, Employees' State Insurance and Income-tax have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in few cases. As explained

to us by the management, the Company did not have any dues on account of Sales-tax, Service tax, Duty of excise and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and services tax, Duty of customs, Cess and any other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales tax, Value added tax, Service tax, Goods and services tax, Duty of customs and Duty of excise which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales tax	1459.52	304.83	2005-2006 to 2009-2010 and 2012-2013 to 2015-2016	Appellate and Revision Board
		30.45	7.61	2005-2006	Sales Tax Appellate Tribunal
		64.19	-	2014-2015	Assistant Commissioner
		0.89	0.42	2010-2011	Deputy Commissioner
		590.41	58.58	2016-2017 and 2017-2018	Senior Joint Commissioner
West Bengal Value Added Tax Act, 2003	Value added tax	905.86	-	2008-2009	West Bengal Taxation Tribunal
		2,204.70	19.36	2005-2006 to 2007-2008, 2009-2010 to 2010-2011 and 2013-2014	Appellate and Revision Board
		257.91	-	2005-2006	Senior Joint Commissioner -Special Cell



## Annexure A

### to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020 (Contd.)

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Chhattisgarh Value Added Sales Tax Act, 2003	Value Added Tax	2.30	1.48	2010-2011	Deputy Commissioner
The Central Excise Act, 1944	Duty of Excise	2,061.27	-	2011 to 2016	Hon'ble High Court of Calcutta
		0.31	0.09	2011-2012 to 2014-2015	Custom Excise and Service Tax Appellate Tribunal
		27.68	1.48	2004 to 2006, 2012-2013 and 2014 to 2017	Commissioner (Appeals) of Central Excise
The Custom Act, 1962	Duty on Custom	28.83	3.00	2000-2001	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	3.98	0.13	2010-2015	Custom Excise and Service Tax Appellate Tribunal
Chhattisgarh Entry Tax Act, 1976	Entry tax	313.57	226.89	2012-2014 and 2015-2017	Hon'ble High Court of Judicature Chhatisgarh at Bilaspur
		165.32	21.49	2014-2015	Assistant Commissioner
The West Bengal Tax on entry of Goods into Local Areas, Act, 2012	Entry tax	964.42	-	2012-2013 and 2017-2018	Hon'ble High Court of Calcutta
		4,064.40	-	2013-2014 to 2016-2017	West Bengal Taxation Tribunal
Income -tax Act, 1961	Income tax	3,413.28	973.70	2010-2011, 2011-2012, 2013-2014 and 2016-2017	Commissioner of Income-tax (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, banks or dues to debenture holders during the year. The Company did not have any outstanding loan or borrowings from government during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.

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

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

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.

## Annexure A

### to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020 (Contd.)

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

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions

with directors or persons connected with them as per Section 192 of the Act. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner

Place: Kolkata  
Date: 21 July 2020

Membership No. 055757  
UDIN: 20055757AAAACJ4289

## Annexure B

### to the Independent Auditors' Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020

**Report on the internal financial controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**[Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]**

#### Opinion

We have audited the internal financial controls with reference to financial statements of Himadri Speciality Chemical Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 ("the Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as

required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

## Annexure B

### to the Independent Auditors' Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020 (Contd.)

company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
*Partner*

Place: Kolkata  
Date: 21 July 2020

Membership No. 055757  
UDIN: 20055757AAAACJ4289

## Standalone Balance Sheet

### as at 31 March 2020

	Note	31 March 2020	Amount in ₹ Lakhs 31 March 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4A	136,239.63	109,425.02
(b) Capital work-in-progress	5	15,837.78	12,643.27
(c) Right of use assets	4B	2,447.33	-
(d) Other intangible assets	6	184.25	233.93
(e) Financial assets			
(i) Investments	7	4,665.94	23,165.49
(ii) Loans	11	2,047.92	8,275.55
(iii) Trade receivables	8	788.90	792.65
(iv) Other financial assets	12	10.06	4.72
(f) Non-current tax assets (net)	13	224.03	160.01
(g) Other non-current assets	14	1,519.79	12,455.92
<b>Total non-current assets</b>		<b>163,965.63</b>	<b>167,156.56</b>
<b>(2) Current assets</b>			
(a) Inventories	15	33,149.40	53,890.73
(b) Financial assets			
(i) Investments	7	-	1.23
(ii) Trade receivables	8	29,957.70	36,604.27
(iii) Cash and cash equivalents	9	3,743.81	967.49
(iv) Bank balances other than (ii) above	10	453.18	3,704.61
(v) Loans	11	262.80	190.61
(vi) Other financial assets	12	568.64	1,032.74
(c) Other current assets	16	13,579.95	15,471.56
<b>Total current assets</b>		<b>81,715.48</b>	<b>111,863.24</b>
<b>TOTAL ASSETS</b>		<b>245,681.11</b>	<b>279,019.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	4,188.08	4,185.79
(b) Other equity	18	160,962.84	163,887.63
<b>Total Equity</b>		<b>165,150.92</b>	<b>168,073.42</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	2,244.42	18,827.83
(ii) Derivatives	21	-	376.86
(iii) Other financial liabilities	22	202.83	25.77
(b) Provisions	24	451.73	295.25
(c) Deferred tax liabilities (net)	33	5,196.00	12,709.96
<b>Total non-current liabilities</b>		<b>8,094.98</b>	<b>32,235.67</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	31,451.28	24,166.72
(ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		1.58	141.74
- total outstanding dues of creditors other than micro enterprises and small enterprises		21,175.34	40,974.27
(iii) Derivatives	21	175.88	228.05
(iv) Other financial liabilities	22	18,511.05	6,796.41
(b) Other current liabilities	23	1,043.11	6,014.98
(c) Provisions	24	76.97	54.92
(d) Current tax liabilities (net)	25	-	333.62
<b>Total current liabilities</b>		<b>72,435.21</b>	<b>78,710.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>245,681.11</b>	<b>279,019.80</b>
<b>Significant accounting policies</b>	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Sd/-

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

For and on behalf of the Board of Directors of

**Himadri Speciality Chemical Limited**

CIN: L27106WB1987PLC042756

Sd/-

**Anurag Choudhary**

Managing Director and Chief

Executive Officer

DIN: 00173934

Sd/-

**Kamlesh Kumar Agarwal**

Chief Financial Officer

Sd/-

**Shyam Sundar Choudhary**

Executive Director

DIN: 00173732

Sd/-

**Monika Saraswat**

Company Secretary

Place: Kolkata

Date: 21 July 2020

Place: Kolkata

Date: 21 July 2020



## Standalone Statement of Profit and Loss for the year ended 31 March 2020

		Amount in ₹ Lakhs	
	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>I. Revenue from operations</b>	26	<b>180,349.85</b>	237,661.90
<b>II. Other income</b>	27	<b>496.82</b>	1,409.52
<b>III. Total income (I + II)</b>		<b>180,846.67</b>	239,071.42
<b>IV. Expenses</b>			
Cost of materials consumed	28	<b>120,806.34</b>	160,371.13
Changes in inventories of finished goods and work-in-progress	29	<b>1,433.98</b>	(1,590.28)
Employee benefits expense	30	<b>7,325.02</b>	5,812.42
Finance costs	31	<b>5,452.13</b>	7,057.16
Depreciation and amortisation expense	4A,4B and 6	<b>3,668.01</b>	3,253.26
Other expenses	32	<b>22,386.30</b>	19,238.29
<b>Total expenses</b>		<b>161,071.78</b>	194,141.98
<b>V. Profit before exceptional item and tax (III-IV)</b>		<b>19,774.89</b>	44,929.44
<b>VI. Exceptional items</b>	49	<b>(12,798.65)</b>	-
<b>VII. Profit before tax (V-VI)</b>		<b>6,976.24</b>	44,929.44
<b>VIII. Tax expenses</b>			
Current tax	33	<b>3,470.49</b>	9,683.00
Deferred tax (credit)/ charge	33	<b>(4,591.90)</b>	4,107.24
<b>Total tax expenses</b>		<b>(1,121.41)</b>	13,790.24
<b>IX. Profit for the year (VII-VIII)</b>		<b>8,097.65</b>	31,139.20
<b>X. Other comprehensive income</b>			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the net defined benefit plan		<b>(109.31)</b>	(43.85)
(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		<b>(13,254.89)</b>	(9,402.15)
(c) Income-tax relating to items that will not be reclassified to profit or loss		<b>2,922.06</b>	1,108.12
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>(10,442.14)</b>	(8,337.88)
B. Items that will be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the year (net of income tax)</b>		<b>(10,442.14)</b>	(8,337.88)
<b>XI. Total comprehensive income for the year (IX+X)</b>		<b>(2,344.49)</b>	22,801.32
<b>XII. Earnings per equity share</b>	34		
[Face value of equity share ₹ 1 each (previous year ₹ 1 each)]			
- Basic		<b>1.93</b>	7.44
- Diluted		<b>1.93</b>	7.43
<b>Significant accounting policies</b>	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

## Standalone Statement of Changes in Equity for the year ended 31 March 2020

### A. Equity share capital

Particulars	Note	Amount in ₹ Lakhs	
		Number	Amount
Balance as at 1 April 2018		418,407,867	4,184.08
Changes in equity share capital during the year	17	170,878	1.71
Balance as at 31 March 2019		418,578,745	4,185.79
Changes in equity share capital during the year	17	229,037	2.29
<b>Balance as at 31 March 2020</b>		<b>418,807,782</b>	<b>4,188.08</b>

### B. Other equity

Particulars	Note	Reserves and surplus					Items of Other comprehensive income			Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Remeasurement of net defined benefit plan	Equity instruments through other comprehensive income	
Balance at 1 April 2018		1,280.50	45,365.53	2,892.83	15,419.94	129.19	56,846.80	(29.01)	19,542.69	141,448.47
Impact pursuant to scheme of Amalgamation	50	-	-	-	-	-	(58.87)	-	-	(58.87)
Total comprehensive income for the year ended 31 March 2019		-	-	-	-	-	-	-	-	-
Profit for the year 2018-2019		-	-	-	-	-	31,139.20	-	-	31,139.20
Other comprehensive income for the year 2018-2019	18	-	-	-	-	-	-	(28.58)	(8,309.30)	(8,337.88)
Total comprehensive income for the year		-	-	-	-	-	31,139.20	(28.58)	(8,309.30)	22,801.32
Dividends (including corporate dividend tax)	48	-	-	-	-	-	(504.41)	-	-	(504.41)
Issue of equity shares on exercise of employee stock option	17 and 39	-	39.28	-	-	(39.28)	-	-	-	-
Share based payments- Equity settled	39	-	30.76	-	-	170.36	-	-	-	201.12
Transfer to debenture redemption reserve	18	-	-	428.56	-	-	(428.56)	-	-	-
Balance at 31 March 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	86,994.16	(57.59)	11,233.39	163,887.63

## Standalone Statement of Changes in Equity for the year ended 31 March 2020 (Contd.)

### B. Other equity (Continued)

Particulars	Note	Reserves and surplus						Items of Other comprehensive income			Total
		Capital reserve	Securities premium	Debtenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Remeasurement of net defined benefit plan	Equity instruments through other comprehensive income		
Balance at 1 April 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	86,994.16	(57.59)	11,233.39	163,887.63	
<b>Total comprehensive income for the year ended 31 March 2020</b>		-	-	-	-	-	8,097.65	(71.11)	(10,371.03)	8,097.65	
Profit for the year 2019-2020	18	-	-	-	-	-	-	(71.11)	(10,371.03)	(10,442.14)	
Other comprehensive income for the year 2019-2020		-	-	-	-	-	8,097.65	(71.11)	(10,371.03)	(2,344.49)	
<b>Total comprehensive income for the year</b>		-	-	-	-	-	(756.98)	-	-	(756.98)	
Dividends (including corporate dividend tax)	48	-	-	-	-	-	-	-	-	-	
Issue of equity shares on exercise of employee stock option	17 and 39	-	55.46	-	-	(55.46)	-	-	-	-	
Share based payments- Equity settled	39	-	41.22	-	-	135.46	-	-	-	176.68	
Transfer to debenture redemption reserve	18	-	-	214.28	-	-	(214.28)	-	-	-	
<b>Balance at 31 March 2020</b>		<b>1,280.50</b>	<b>45,532.25</b>	<b>3,535.67</b>	<b>15,419.94</b>	<b>340.27</b>	<b>94,120.55</b>	<b>(128.70)</b>	<b>862.36</b>	<b>160,962.84</b>	

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

- (i) **Capital reserve:** Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.
- (ii) **Securities premium:** Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- (iii) **Debtenture redemption reserve (DRR):** The Company is required to create a debtenture redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures.

## Standalone Statement of Changes in Equity for the year ended 31 March 2020 (Contd.)

- (iv) General reserve:** It represents a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.
- (v) Share option outstanding reserve:** The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 39 for further details of these plans.
- (vi) Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- (vii) Remeasurement of defined benefit plan:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Standalone Statement of Profit and Loss.
- (viii) Equity instruments through other comprehensive income:** The Company has elected to recognise changes in the fair value of certain investments in equity instruments through other comprehensive income (OCI). These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Company transfers amounts therefrom to retained earnings when the relevant equity instruments are derecognised.

### Significant accounting policies 3

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

*For and on behalf of the Board of Directors of*  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

## Standalone Statement of Cash Flows for the year ended 31 March 2020

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>6,976.24</b>	44,929.44
Adjustments for:		
Depreciation and amortisation expense	<b>3,668.01</b>	3,253.26
Share based payments - Equity settled	<b>135.46</b>	170.36
Finance costs	<b>5,452.13</b>	7,057.16
Interest income	<b>(37.99)</b>	(625.87)
Net gain on sale of current investments carried at FVTPL	<b>(10.18)</b>	(4.14)
Impairment of non-current Investments	<b>5,244.64</b>	-
Bad Debts written off	<b>171.00</b>	-
Provision for loans and advances	<b>7,868.60</b>	-
Unrealised foreign exchange fluctuation (gain) / losses, net	<b>556.69</b>	(1,230.24)
(Profit) / loss (net) on sale of property, plant and equipments	<b>0.53</b>	(1.67)
<b>Cash generated from operations before working capital changes</b>	<b>23,048.89</b>	8,618.86
<b>Operating cash flows before working capital changes</b>	<b>30,025.13</b>	53,548.30
Movement in working capital:		
Decrease/ (Increase) in inventories	<b>20,741.33</b>	(12,370.94)
Decrease/ (Increase) in trade receivables	<b>6,578.73</b>	(9,657.29)
Decrease/ (Increase) in financial and other assets	<b>48.05</b>	(5,198.66)
(Decrease)/ Increase in trade payables	<b>(20,586.57)</b>	29,894.09
Increase in financial liabilities (net)	<b>126.45</b>	227.67
(Decrease)/ Increase in other liabilities and provisions (net)	<b>(5,309.19)</b>	261.50
	<b>1,598.80</b>	3,156.37
<b>Cash generated from operations</b>	<b>31,623.93</b>	56,704.67
Taxes paid	<b>(3,413.89)</b>	(9,546.16)
<b>Net cash generated from operating activities</b>	<b>28,210.04</b>	47,158.51
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipments	<b>(24,746.53)</b>	(20,214.62)
Proceeds from sale of property, plant and equipments	<b>1.43</b>	5.99
Purchase of other intangible assets	<b>(14.10)</b>	(47.75)
Interest income received	<b>51.97</b>	271.63
Sale of current investments	<b>14,411.43</b>	4,604.08
Purchase of current investments	<b>(14,400.00)</b>	(4,600.00)
Redemption of bank deposits (having maturity of more than 3 months)	<b>5,049.02</b>	7,622.16
Investment in bank deposits (having maturity of more than 3 months)	<b>(1,803.43)</b>	(9,898.75)
<b>Net cash (used in) investing activities</b>	<b>(21,450.21)</b>	(22,257.26)
<b>C. Cash flows from financing activities</b>		
Proceeds from allotment of equity share under employee stock options	<b>43.51</b>	32.47
Proceeds from non-current borrowings	<b>193.56</b>	411.89
Repayment of non-current borrowings	<b>(4,702.32)</b>	(6,569.60)
Increase/ (decrease) in current borrowings	<b>6,400.93</b>	(12,470.15)
Interest paid	<b>(5,660.25)</b>	(6,548.46)



## Standalone Statement of Cash Flows for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Payment of lease liabilities (principal portion)	(16.80)	-
Payment of lease liabilities (interest portion)	(11.13)	-
Net proceeds on settlement of derivative contracts	533.46	(47.35)
Dividend paid (including dividend distribution tax)	(756.98)	(504.41)
<b>Net cash (used in) financing activities</b>	<b>(3,976.02)</b>	<b>(25,695.61)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,783.81</b>	<b>(794.36)</b>
Cash and cash equivalents at the beginning of the year (refer note 9)	967.49	1,718.04
Add: Transferred pursuant to scheme of Amalgamation (refer note 50)	-	43.83
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	(7.49)	(0.02)
<b>Cash and cash equivalents at the end of the year (refer note 9)</b>	<b>3,743.81</b>	<b>967.49</b>

### Notes:

1. Standalone Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
2. Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Changes in liability arising from financing activities:

	Amount in ₹ Lakhs				
	1 April 2019	Cash flow (net)	Foreign exchange movement	Fair value changes	31 March 2020
Borrowing (including current maturities of non-current borrowings) - Non-current (refer note 19)	23,480.28	(4,508.76)	58.94	7.95	19,038.41
Borrowing - current (refer note 19)	24,166.72	6,400.93	883.63	-	31,451.28

	Amount in ₹ Lakhs				
	1 April 2018	Cash flow (net)	Foreign exchange movement	Fair value changes	31 March 2019
Borrowing (including current maturities of non-current borrowings) - Non-current (refer note 19)	29,592.90	(6,157.71)	31.86	13.23	23,480.28
Borrowing - current (refer note 19)	36,422.53	(12,470.15)	214.34	-	24,166.72

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

# Notes to the Standalone financial statements

## for the year ended 31 March 2020

### 1. Reporting entity

Himadri Speciality Chemical Limited (“the Company”) is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2<sup>nd</sup> floor, Kolkata - 700 001. The Company was incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has wholly owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and a step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Ltd, incorporated in China.

During the current year, one of the wholly owned subsidiary of the Company, Equal Commodore Private Limited, incorporated in India, has merged with the Company pursuant to the Scheme of Amalgamation (“the Scheme”) approved by the National Company Law Tribunal (“NCLT”) vide its order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018 (refer note 50).

### 2. Basis of preparation and measurement of Standalone financial statements

#### (a) Basis of preparation

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the “Ind AS”) notified by the Ministry of Corporate Affairs pursuant to Section 133 Companies Act, 2013 (hereinafter referred to as “the Act”), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Standalone financial statements were authorised for issue by the Board of Directors of the Company at their meeting held on 21 July 2020.

The details of the Company’s accounting policies are included in note 3 to the Standalone financial statements.

#### (b) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (₹), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

#### (c) Basis of measurement

The Standalone financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Employee’s defined benefit plan as per actuarial valuation, and
- (iv) Employee share-based payments measured at fair value.

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

#### (d) Key accounting estimates and judgements

The preparation of the Company’s Standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying notes and disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. 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. The changes in the estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

### **Critical accounting estimates and key sources of estimation uncertainty: Key assumptions**

#### **(i) Useful lives of Property, plant and equipment and Other intangible assets**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unmortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d), 4A and 6 for details.

#### **(ii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of

judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk and credit risk. See note 3(v) and 42 for details.

#### **(iii) Defined benefit plan**

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 38 for details.

#### **(iv) Employee share-based payments**

The Company measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 39.

#### **(v) Recognition of current tax and deferred tax (including MAT credit entitlements)**

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

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. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is recognised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019, subject to certain conditions. The Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 33 for details.

### **(vi) Recognition and measurement of provisions and contingencies**

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Company evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal proceedings and independent legal opinion obtained from the lawyers. See note 24, 35(a) and 43 for details.

### **(vii) Impairment of financial assets**

Certain key assumptions used in estimating recoverable cash flows. The Company

reviews its carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 and 42 for details.

### **(viii) Determination of Right of use (ROU) assets and liabilities**

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 35(c) for details.

### **(ix) Loss allowance on trade receivables**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed. See note 8, 42 and 43 for details.

### **(e) Measurement of fair values**

Number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities. The Company has an established control framework with respect to the measurement of fair values.

The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 42.

### 3. Significant accounting policies

#### (a) Current Vs. non-current classification

All assets and liabilities are 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 Act.

##### Assets

An asset is classified as current when it satisfies

any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within 12 months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within 12 months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

##### Operating cycle

For the purpose of current and 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 business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Standalone Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Company under Ind AS 101.

### (c) Financial instruments

#### (i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset/ financial liabilities.

#### (ii) Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)- Equity Investment; or
- fair value through Profit or Loss (FVTPL).

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

##### Financial assets at amortised cost

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

- (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Standalone Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

##### Financial assets at fair value through Other Comprehensive Income (FVOCI)

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

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

### **Financial assets at fair value through Profit or Loss (FVTPL)**

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of

time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### *Financial assets: Subsequent measurement and gains and losses*

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

### **Investments in subsidiaries**

Investments in subsidiary are carried at cost less accumulated impairment losses, if any. Where any indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

### **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

### **Financial liabilities through FVTPL**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Standalone Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are

recognised in the Standalone Statement of Profit and Loss.

### **Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the EIR method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

### **(iii) Derecognition**

#### **Financial assets**

The Company derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

### Financial liabilities

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

#### (iv) Offsetting

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

#### (v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately, if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Standalone

Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

The Company uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "Financial Instruments: Recognition and Measurement". The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

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 OCI and accumulated in the other equity under "effective portion of cash flow hedges". The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Standalone Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Standalone Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Standalone Statement of Profit and Loss.

### **Derivatives that are not designated as hedge**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Standalone Statement of Profit and Loss.

### **(d) Property, plant and equipment**

#### **(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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 directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

An item of property, plant and equipment is eliminated from the Standalone financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Standalone Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under "Other current assets".



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (b) above.

### (ii) 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. Ongoing repairs and maintenance are expensed as incurred.

### (iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### (iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Standalone Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates

of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold Land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fixtures	10	8-10

Based on technical assessment done by experts in earlier years and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

The management believes that these estimated useful lives and residual values

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

### (e) Other intangible assets

#### (i) Recognition and measurement

Other intangible assets includes Computer Software which are acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

#### (ii) 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.

#### (iii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on evaluation. The useful life of such intangible assets for Computer software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

### (f) Impairment

#### (i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at

the end of each reporting period. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Standalone Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 *Financial Instruments for recognition of impairment loss allowance*. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including subsequent information.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Standalone Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Company reviews at each reporting

date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (g) Employee benefits

#### (i) Short-term employee benefits

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

#### (ii) Employee share- based payment transactions

The Company recognises compensation expense relating to share-based payments in Standalone Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### (iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Standalone Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future

refunds from the plan or reductions in future contributions to the plan ("the asset ceiling"). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

### (v) Compensated absences

As per policy of the Company, employees can carry forward unutilised accrued compensated absences and utilise it in next

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

### (h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

- i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

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 an obligation or a reliable estimate of the amount cannot be made.

The Company does not recognise a Contingent liability but discloses in the Standalone financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### (i) Inventories

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

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them 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.

Raw materials 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.

The comparison of cost and net realisable value is made on an item-by-item basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

estimated costs of completion and the estimated costs necessary to make the sale.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

### (j) Revenue recognition

The Company's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Company assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognised when control of goods is transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

#### Sale of Power

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity

produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

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 goods will be one year or less.

### (k) Government Grant/Subsidy

Government grants are recognised in the Standalone Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT /GST payment, are recognised in the Standalone Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

#### Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are recognised as an income as and when export obligations are met as specified in EPCG Scheme.

### (l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Standalone Statement of Profit and Loss on the date on which the Company's right to receive payment is established.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Interest income or expense is recognised using the effective interest rate (EIR) method. The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Rental income is recognised on a straight-line basis over the term of the relevant arrangements.

### (m) Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application on 1 April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The impact of adoption of Ind AS 116 on the Standalone financial statements of the Company has been described under note 35. The Company assesses at contract inception whether a contract is, or contains, a lease. That

is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Refer Lease note 3(m) of significant accounting policies mentioned in the annual report of the Company for the year ended 31 March 2019, for the policy as per Ind AS 17.

#### (i) Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment [refer to note 3(f)].

#### (ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Lease liabilities are included in Other financial liabilities (see note 23).

### **Short-term lease and lease of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve 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 of offices, godowns, equipment, etc. that are of 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.

### **As a lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17.

Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **(n) Income-tax**

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Standalone Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### **(i) 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. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

### Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### (o) 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 directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### (q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

### (r) Cash and bank balances

Cash and bank balances consist of:

**Cash and cash equivalents** - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

**Other balances with bank**- which includes balances and deposits with banks having maturity of more than three months but less than 12 months.

### (s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### (t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (u) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) (Managing Director & CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Company has currently two reportable segments (a) Carbon materials and chemicals; and (b) Power.

### (v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the Standalone financial statements.

### (w) Exceptional items

When the items of income and expense within profit or loss are of such size, nature and incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items is disclosed separately as exceptional items. Such items are material by nature or amount to the year's Standalone financial statements and require separate disclosure in accordance with Ind AS.



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (x) Business combination

The Company accounts for common control transaction in accordance with the applicable method prescribed under Ind AS 103 Business Combination for common control transactions as per the provisions of the Scheme approved by National Company Law Tribunal, where all the assets and liabilities of the Transferor Company is recorded at the carrying value as the Appointed Date.

### (y) Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

#### (ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

#### (iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-

term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

#### (iv) Derivative financial liabilities

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

#### (v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

#### (vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

#### (z) Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

#### Reconciliation of carrying amount

	Amount in ₹ Lakhs								
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
<b>Owned Assets</b>									
<b>Gross carrying amount</b>									
Balance at 1 April 2018	3,707.15	334.16	7,574.28	140,028.79	762.76	973.94	1,761.18	-	155,142.26
Balance transferred pursuant to the Scheme of Amalgamation [refer note 50]	245.66	-	-	-	-	-	-	-	245.66
Additions during the year	198.46	-	8.61	1,284.07	125.62	443.95	229.93	383.89	2,674.53
Discard/ disposals during the year	-	-	-	(4.03)	-	(10.42)	-	-	(14.45)
Effect of movement in foreign exchange rates [refer note (c) below]	-	-	-	31.86	-	-	-	-	31.86
<b>Balance at 31 March 2019</b>	<b>4,151.27</b>	<b>334.16</b>	<b>7,582.89</b>	<b>141,340.69</b>	<b>888.38</b>	<b>1,407.47</b>	<b>1,991.11</b>	<b>383.89</b>	<b>158,079.86</b>
Balance at 1 April 2019	<b>4,151.27</b>	<b>334.16</b>	<b>7,582.89</b>	<b>141,340.69</b>	<b>888.38</b>	<b>1,407.47</b>	<b>1,991.11</b>	<b>383.89</b>	<b>158,079.86</b>
Additions during the year	<b>74.74</b>	-	<b>1,000.71</b>	<b>28,689.49</b>	<b>82.66</b>	<b>233.60</b>	<b>69.36</b>	<b>7.56</b>	<b>30,158.12</b>
Discard/ disposals during the year	-	-	-	-	-	<b>(6.85)</b>	<b>(1.80)</b>	-	<b>(8.65)</b>
Effect of movement in foreign exchange rates [refer note (c) below]	-	-	-	<b>58.94</b>	-	-	-	-	<b>58.94</b>
<b>Balance at 31 March 2020</b>	<b>4,226.01</b>	<b>334.16</b>	<b>8,583.60</b>	<b>170,089.12</b>	<b>971.04</b>	<b>1,634.22</b>	<b>2,058.67</b>	<b>391.45</b>	<b>188,288.27</b>
<b>Accumulated depreciation and amortisation</b>									
Balance at 1 April 2018	-	27.50	2,238.03	40,437.65	554.81	691.95	1,511.74	-	45,461.68
Depreciation/ amortisation during the year	-	13.02	200.50	2,754.48	51.68	85.53	86.48	11.61	3,203.30
Discard/ disposals during the year	-	-	-	(0.24)	-	(9.90)	-	-	(10.14)
<b>Balance at 31 March 2019</b>	-	<b>40.52</b>	<b>2,438.53</b>	<b>43,191.89</b>	<b>606.49</b>	<b>767.58</b>	<b>1,598.22</b>	<b>11.61</b>	<b>48,654.84</b>
Balance at 1 April 2019	-	<b>40.52</b>	<b>2,438.53</b>	<b>43,191.89</b>	<b>606.49</b>	<b>767.58</b>	<b>1,598.22</b>	<b>11.61</b>	<b>48,654.84</b>
Depreciation/ amortisation during the year	-	<b>13.02</b>	<b>200.61</b>	<b>2,805.99</b>	<b>69.04</b>	<b>114.77</b>	<b>124.07</b>	<b>72.98</b>	<b>3,400.48</b>
Discard/ disposals during the year	-	-	-	-	-	<b>(6.51)</b>	<b>(0.17)</b>	-	<b>(6.68)</b>
<b>Balance at 31 March 2020</b>	-	<b>53.54</b>	<b>2,639.14</b>	<b>45,997.88</b>	<b>675.53</b>	<b>875.84</b>	<b>1,722.12</b>	<b>84.59</b>	<b>52,048.64</b>
<b>Net carrying amount</b>									
At 31 March 2019	4,151.27	293.64	5,144.36	98,148.80	281.89	639.89	392.89	372.28	109,425.02
<b>At 31 March 2020</b>	<b>4,226.01</b>	<b>280.62</b>	<b>5,944.46</b>	<b>124,091.24</b>	<b>295.51</b>	<b>758.38</b>	<b>336.55</b>	<b>306.86</b>	<b>136,239.63</b>

#### Notes:

- As at 31 March 2020, Property, plant and equipment with net carrying amount of ₹ **130,964.29 lakhs** (31 March 2019: ₹ 105,101.06 lakhs) are subject to first charge to secure borrowings (refer note 19).
- Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,764.69 lakhs** (31 March 2019: ₹ 1,569.88 lakhs) and net carrying amount of ₹ **1,067.48 lakhs** (31 March 2019: ₹ 944.64 lakhs). Additions to the Research and development assets during the year 2019-2020 is ₹ **194.81 lakhs** (2018-2019: ₹ 123.87 lakhs).

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

- (c) Net foreign exchange loss/ (gain) amounting to ₹ **58.94 lakhs** capitalised during the year (2018-2019: ₹ 31.86 lakhs).
- (d) The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 lakhs**, which were transferred to the Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Company (refer note 50).
- (e) For contractual commitment with respect to Property, plant and equipment, refer note 35(b)(I)(i).
- (f) No indicator of impairment were identified during the current year, hence Property, plant and equipment including Capital work-in-Progress were not tested for impairment.

### 4B. Right of use assets

See accounting policies in note 3(f) and 3(m)

	Amount in ₹ Lakhs		
	Land	Buildings	Total
<b>Gross carrying amount</b>			
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	<b>90.97</b>	<b>25.50</b>	<b>116.47</b>
Reclassified on account of adoption of Ind AS 116 [refer note 4A and 35(c)]	<b>2,404.84</b>	-	<b>2,404.84</b>
Additions during the year	-	<b>129.77</b>	<b>129.77</b>
Discard/ disposals during the year	-	-	-
<b>Balance at 31 March 2020</b>	<b>2,495.81</b>	<b>155.27</b>	<b>2,651.08</b>
<b>Accumulated amortisation</b>			
Balance at 1 April 2019	-	-	-
Amortisation during the year	<b>187.94</b>	<b>15.81</b>	<b>203.75</b>
Discard/ disposals during the year	-	-	-
<b>Balance at 31 March 2020</b>	<b>187.94</b>	<b>15.81</b>	<b>203.75</b>
<b>Net carrying amount</b>			
At 31 March 2019	-	-	-
<b>At 31 March 2020</b>	<b>2,307.87</b>	<b>139.46</b>	<b>2,447.33</b>

### 5. Capital work-in-progress

See accounting policy in note 3(d)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Balance at the beginning of the year	<b>12,643.27</b>	1,768.01
Additions during the year	<b>32,692.00</b>	12,272.88
Capitalised during the year	<b>(29,497.49)</b>	(1,397.62)
Balance at the end of the year	<b>15,837.78</b>	12,643.27

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Capital work-in-progress includes:

Expenditure incurred on addition to manufacturing facility of the Company, given below:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Balance at the beginning of the year	1,695.38	224.35
Additions during the year:		
Employee benefits expense	257.84	347.01
Rates and taxes	2.51	-
Finance cost (refer note 31)	340.36	231.78
Miscellaneous expenses (includes professional fees, inspection charges, testing charges, etc.)	1,040.97	897.69
	1,641.68	1,476.48
Less: Capitalised during the year	(2,409.34)	(5.45)
Balance at the end of the year	927.72	1,695.38

### 6. Other intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

#### Reconciliation of carrying amount of Computer software

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Gross carrying amount</b>		
Balance at the beginning of the year	284.02	236.27
Additions during the year	14.10	47.75
Balance at the end of the year	298.12	284.02
<b>Accumulated amortisation</b>		
Balance at the beginning of the year	50.09	0.13
Amortisation during the year	63.78	49.96
Balance at the end of the year	113.87	50.09
<b>Net carrying amount</b>	184.25	233.93

No indicator of impairment were identified during the current year, hence Other intangible assets were not tested for impairment.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 7. Investments

See accounting policies in note 3(c)(i) - (iii) and 3(f)(i)

#### A. Non-current investments

(All the investments are fully paid, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Investments in subsidiary carried at cost</b>		
<b>Equity instruments (unquoted)</b>		
<b>70,783,680</b> (31 March 2019: 70,783,680) equity shares of AAT Global Limited, a wholly-owned subsidiary (face value - HKD 1 each)	<b>5,244.64</b>	5,244.64
Less: Impairment of investment in equity shares of AAT Global Limited, a wholly-owned subsidiary (refer note 49)	<b>(5,244.64)</b>	-
	-	5,244.64
<b>Investments carried at fair value through other comprehensive income (FVOCI)</b>		
<b>Equity instruments</b>		
<b>Quoted</b>		
<b>334,900</b> (31 March 2019: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	<b>381.79</b>	1,270.61
<b>8,000</b> (31 March 2019: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	<b>1.30</b>	1.90
	<b>383.09</b>	1,272.51
<b>Unquoted</b>		
<b>17,000</b> (31 March 2019: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	<b>1.45</b>	1.51
<b>2</b> (31 March 2019: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)*	<b>1.35</b>	5.31
<b>1</b> (31 March 2019: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)*	<b>0.02</b>	0.06
	<b>2.82</b>	6.88
<b>Preference shares (unquoted)</b>		
<b>1,248,774</b> (31 March 2019: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)*	<b>4,233.59</b>	16,595.02
	<b>4,233.59</b>	16,595.02
<b>Investments carried at fair value through profit or loss (FVTPL)</b>		
<b>Preference shares (unquoted)</b>		
<b>463,702</b> (31 March 2019: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)*	<b>46.37</b>	46.37
	<b>46.37</b>	46.37



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Government securities (unquoted) carried at amortised cost</b>		
Kisan Vikas Patra (deposited with sales tax authorities)	0.07	0.07
	<b>4,665.94</b>	23,165.49
Aggregate book value of quoted investments	<b>383.09</b>	1,272.51
Aggregate market value of quoted investments	<b>383.09</b>	1,272.51
Aggregate value of unquoted investments	<b>4,282.85</b>	21,892.98
Aggregate amount of impairment in book value of unquoted investments	<b>(5,244.64)</b>	-
Investment carried at amortised cost	<b>0.07</b>	5,244.71
Investment carried at fair value through profit or loss (FVTPL)	<b>46.37</b>	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	<b>4,619.50</b>	17,874.41

\*During the year ended 31 March 2019, pursuant to the National Company Law Tribunal ('NCLT') order dated 1 March 2019 passed between Himadri Dyes & Intermediates Ltd ('HDIL'), Himadri Industries Limited ('HIL'), Himadri Coke & Petro Limited ('HCPL'), Modern Hi- Rise Private Limited ('MHPL') and Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (HIPL), the following new instruments were allotted in lieu of the investments held by the Company:

Investments already held prior to NCLT order	720,000 equity shares of Himadri Dyes & Intermediates Limited of face value of ₹ 10 each
Fair value as at 31 March 2018	₹ 12,109.68 lakhs
Investments allotted as per NCLT order	- One equity share of MHPL ('Issuer') of face value of ₹ 10 each; and - 864,000 1% Non-cumulative optionally convertible preference shares of face value of ₹ 10 each of MHPL
Fair value as at 31 March 2019	₹ 11,484.35 lakhs
Terms of OCPS	- OCPS are convertible/ redeemable at any time before the expiry of 20 years from the date of allotment at the option of the Issuer. - Each OCPS, if not opted for conversion shall be redeemable at value equal to fair market value (post considering the market value of underlying assets) of the proportionate equity shares of the Issuer (if it were converted) as on 1 June 2018 (i.e. amalgamation appointed dated). - The outstanding OCPS, if not redeemed, would be converted into equity shares at any time at the option of the Issuer, but not later than 20 years from the date of allotment at the option of the Issuer in a manner that the Company would obtain same proportion of equity shareholding (ownership) of the Issuer as on 1 June 2018 i.e. 7.7% of the total outstanding as on 1 June 2018 and would be subject to any dilution thereof pursuant to fresh allotment by MHPL. In that case conversion is made by the Issuer, the OCPS will be converted into 6,253 equity shares (i.e. fixed number of equity shares) whenever converted.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Investments already held prior to NCLT order	493,000 equity shares of Himadri Industries Limited of face value of ₹ 10 each
Fair value as at 31 March 2018	₹ 9,419.07 lakhs
Investments allotted as per NCLT order	<ul style="list-style-type: none"> <li>- One equity share of MHPL of face value of ₹ 10 each.</li> <li>- One equity share of HIPL of face value of ₹ 10 each.</li> <li>- 384,774 1% Non-cumulative optionally convertible preference shares of face value of ₹ 10 each of MHPL.</li> <li>- 463,702 1% Non-cumulative, non-convertible redeemable preference shares (RPS) of face value of ₹ 10 each of HIPL.</li> </ul>
Fair value as at 31 March 2019	₹ 5,162.41 lakhs
Terms of RPS	<ul style="list-style-type: none"> <li>- RPS are non-convertible, non-cumulative and redeemable in nature.</li> <li>- Dividend shall be payable annually and shall be non-cumulative.</li> <li>- Each RPS redeemable at par at any time before the expiry of the 20 years from the date of allotment.</li> </ul>

Information about the Company's fair value measurement and exposure to credit and market risks are disclosed in note 42 and 43.

### B. Current investments

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Mutual funds (quoted) carried at fair value through profit or loss</b>		
Nil (31 March 2019: 39.129) units of UTI-Ultra short term fund-direct-growth plan (formerly UTI-Floating rate fund-direct-growth plan)	-	1.23
	-	1.23
Aggregate book value of quoted investments	-	1.23
Aggregate market value of quoted investments	-	1.23

Information about the Company's exposure to fair value measurement, credit and market risk and are included in note 42 and note 43.

### C. Investments designated at fair value

	Amount in ₹ Lakhs				
	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2020	2019-2020	31 March 2019	2018-2019	1 April 2018
<b>Fair value through other comprehensive income</b>					
<b>Equity shares</b>					
Investment in Himadri Credit & Finance Limited	381.79	-	1,270.61	-	5,790.09
Investment in Transchem Limited	1.30	-	1.90	-	2.60
Investment in Modern Hi-Rise Private Limited	1.35	-	5.31	-	-

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs					
	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2020	2019-2020	31 March 2019	2018-2019	1 April 2018
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	0.02	-	0.06	-	-
Investment in Himadri Dyes & Intermediates Limited	-	-	-	-	12,109.68
Investment in Himadri e-Carbon Limited	1.45	-	1.51	-	1.52
Investment in Himadri Industries Limited	-	-	-	-	9,419.07
<b>Preference shares</b>					
Investment in Modern Hi-Rise Private Limited	4,233.59	-	16,595.02	-	-
<b>Fair value through profit or loss (FVTPL)</b>					
<b>Preference shares</b>					
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	46.37	-	46.37	-	-
	<b>4,665.87</b>	<b>-</b>	<b>17,920.78</b>	<b>-</b>	<b>27,322.96</b>

### 8. Trade receivables

See accounting policy in note 3(c) (i)-(ii) and (f) (i)

Amount in ₹ Lakhs		
	31 March 2020	31 March 2019
Trade receivable considered good - secured	1,695.92	1,371.86
Trade receivable considered good - unsecured	29,467.69	36,442.07
	<b>31,163.61</b>	<b>37,813.93</b>
Less: Loss allowance	(417.01)	(417.01)
	<b>30,746.60</b>	<b>37,396.92</b>
<b>Non-current</b>	<b>788.90</b>	<b>792.65</b>
<b>Current</b>	<b>29,957.70</b>	<b>36,604.27</b>
	<b>30,746.60</b>	<b>37,396.92</b>
(a) Movement in loss allowance		
Balance as at beginning of the year	417.01	417.01
Change in loss allowances during the year	-	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	<b>417.01</b>	<b>417.01</b>

(b) For trade receivables, secured against borrowings, refer note 19.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

- (c) Non-current trade receivables represent an amount of ₹ **788.90 lakhs** (31 March 2019: ₹ 792.65 lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.
- (d) No trade receivables are due from directors of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (e) Information about the Company's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 43.

### 9. Cash and cash equivalents

See accounting policy in note 3(r)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Cash on hand	72.58	24.67
Balances with banks		
- On current accounts	2,869.72	889.39
- On EEFC accounts	797.42	45.71
- On deposit account (with original maturities less than 3 months)	4.09	7.72
	<b>3,743.81</b>	967.49

Bank deposits of ₹ **4.09 lakhs** (31 March 2019: ₹ 7.72 lakhs) have been pledged with the banks against various credit facilities availed by the Company.

### 10. Bank balances other than cash and cash equivalents

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	425.10	590.15
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	27.81	28.19
- Other deposits [refer note (b) below]	0.27	3,086.27
	<b>453.18</b>	3,704.61

(a) Bank deposits of ₹ **425.10 lakhs** (31 March 2019: ₹ 590.15 lakhs) have been pledged with various banks against various credit facilities availed by the Company.

(b) Earmarked balances with banks of ₹ **0.27 lakhs** (31 March 2019: ₹ 3,086.27 lakhs) is held as security against various credit facilities availed by the Company.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 11. Loans

See accounting policy in note 3(c) (i) - (ii) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Security and other deposits	1,947.92	1,890.88
Loan to employees	100.00	85.69
<b>To related party - wholly owned subsidiary</b>		
Loan given to AAT Global Limited (refer note 40 and 41)	6,298.98	6,298.98
Less: Loss allowance	(6,298.98)	-
	-	6,298.98
	<b>2,047.92</b>	8,275.55
<b>Current</b>		
Security and other deposits	123.82	72.36
Loan to employees	59.72	118.25
<b>To related party</b>		
Loan to employees (including interest receivable) (refer note 40)	79.26	-
	<b>262.80</b>	190.61
	<b>2,310.72</b>	8,466.16
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	2,310.72	8,466.16
Loan receivables which have significant increase in credit risk	6,298.98	-
Loan receivables - loss allowance	(6,298.98)	-
	<b>2,310.72</b>	8,466.16

Information about the Company's exposure to credit and market risks are disclosed in note 43.

\*Loan to employees include ₹ 79.26 lakhs due from a Key Managerial Personnel (KMP) of the Company. Maximum balance outstanding during the year is ₹ 79.26 lakhs (31 March 2019: Nil)

### 12. Other financial assets

See accounting policy in note 3(c) (i) - (ii) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Bank deposits due to mature after 12 months of the reporting date	9.92	4.46
Interest accrued on bank deposits	0.14	0.26
	<b>10.06</b>	4.72
<b>Current</b>		
<b>Receivable from parties other than related parties</b>		
Interest accrued on bank deposits	2.72	16.58
Insurance claim receivable	7.94	-



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Income tax refundable	-	454.24
Export incentive receivable	0.92	4.86
Government grants receivable	557.06	557.06
	<b>568.64</b>	1,032.74
	<b>578.70</b>	1,037.46

Bank deposits of ₹ 9.92 lakhs (31 March 2019: ₹ 4.46 lakhs) have been pledged with various banks against various credit facilities availed by the Company.

Information about the Company's exposure to credit and market risks are disclosed in note 43.

### 13. Non-current tax assets (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Advance income tax	224.03	160.01
[net of provision for income tax ₹ 23,409.21 lakhs (31 March 2019: ₹ 14,312.29 lakhs)]		
	<b>224.03</b>	160.01

### 14. Other non-current assets

(Unsecured, considered good)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Capital advances		
To a related party (refer note 40)	204.15	-
Other than related party	355.06	9,216.90
Deposits with government authorities (Custom, excise etc.)	843.93	843.42
Prepaid expenses	116.65	2,395.60
	<b>1,519.79</b>	12,455.92

### 15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Raw materials [including goods-in-transit ₹ 952.45 lakhs (31 March 2019: ₹ 1,104.19 lakhs)]	9,480.19	26,052.00
Work-in-progress	10,153.11	7,671.46
Finished goods	9,231.89	16,577.13
Packing materials	702.55	535.24
Stores and spares	3,581.66	3,054.90
	<b>33,149.40</b>	53,890.73

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 16. Other current assets

(Unsecured considered good unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Parties other than related parties</b>		
<b>Advances to suppliers</b>		
Unsecured, considered good	6,122.97	7,574.79
Unsecured, considered doubtful	216.75	46.76
	<b>6,339.72</b>	7,621.55
Less: Allowances for unsecured advances [refer note (a) below]	<b>(216.75)</b>	(46.76)
	<b>6,122.97</b>	7,574.79
<b>Others</b>		
Balance with government authorities	638.62	2,068.82
Others (prepaid expenses and other receivables)	362.25	507.67
<b>From related party</b>		
Advance for supplies: AAT Global Limited (refer note 40)	7,711.14	5,320.28
Less: Allowances for advances [refer note (a) below and 49]	<b>(1,255.03)</b>	-
	<b>6,456.11</b>	5,320.28
	<b>13,579.95</b>	15,471.56
(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	46.76	46.76
Changes in allowances for advances during the year	1,425.02	-
Advances written off during the year	-	-
Balance as at the end of the year	<b>1,471.78</b>	46.76

(b) Advances to suppliers includes ₹ 833.93 lakhs (31 March 2019: ₹ 1,086.76 lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.

### 17. Equity share capital

See accounting policy in note 3(p)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Authorised*</b>		
<b>700,100,000</b> (31 March 2019: 700,000,000) equity shares of ₹ 1 each	<b>7,001.00</b>	7,000.00
* Pursuant to the merger of Equal Commoddeal Private Limited with the Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 lakh of Equal Commoddeal Private Limited, stands transfer to authorised equity share capital of the Company (refer note 50).		
<b>Issued, subscribed and fully paid-up</b>		
<b>418,807,782</b> (31 March 2019: 418,578,745) equity shares of ₹ 1 each	<b>4,188.08</b>	4,185.79
	<b>4,188.08</b>	4,185.79

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
At the beginning of the year	418,578,745	4,185.79	418,407,867	4,184.08
Add: Equity shares issued during the year (refer note 39)	229,037	2.29	170,878	1.71
At the end of the year	418,807,782	4,188.08	418,578,745	4,185.79

### B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

### C. Equity shares held by upstream associates (shareholders of the Company) having significant influence over the Company

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Modern Hi-Rise Private Limited	182,599,607	1,826.00	182,599,607	1,826.00
BC India Investments	103,178,860	1,031.79	103,178,860	1,031.79

### D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Company

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	% of total shares in the class	Number	% of total shares in the class
<b>Equity shares of ₹ 1 each fully paid up held by:</b>				
Modern Hi-Rise Private Limited	182,599,607	43.60%	182,599,607	43.62%
BC India Investments	103,178,860	24.64%	103,178,860	24.65%

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### E. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): <b>1,997,855</b> (31 March 2019: 2,258,522) equity shares of Re 1 each (refer note 39)	<b>1,997,855</b>	<b>19.98</b>	2,258,522	22.59

Information of stock options granted to employees are disclosed in note 39 regarding share based payments.

### F. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of Re 1 each were allotted as fully paid up equity shares pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of Re 1 each at a price of ₹ 19 per equity share (including at a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited\*, a related party, on preferential basis for consideration other than cash.

## 18. Other equity

Refer Standalone statement of changes in equity for detailed movement in other equity balance.

### A. Movement in other equity balance

Components	1 April 2018	Movement during the year	31 March 2019	Amount in ₹ Lakhs	
				Movement during the year	31 March 2020
Capital reserve	1,280.50	-	1,280.50	-	<b>1,280.50</b>
Securities premium	45,365.53	70.04	45,435.57	<b>96.68</b>	<b>45,532.25</b>
Debenture redemption reserve	2,892.83	428.56	3,321.39	<b>214.28</b>	<b>3,535.67</b>
General reserve	15,419.94	-	15,419.94	-	<b>15,419.94</b>
Share option outstanding reserve	129.19	131.08	260.27	<b>80.00</b>	<b>340.27</b>
Retained earnings	56,846.80	30,147.36	86,994.16	<b>7,126.39</b>	<b>94,120.55</b>
Items of other comprehensive income:					
- Remeasurement of defined benefit plan	(29.01)	(28.58)	(57.59)	<b>(71.11)</b>	<b>(128.70)</b>
- Equity instruments through Other Comprehensive income	19,542.69	(8,309.30)	11,233.39	<b>(10,371.03)</b>	<b>862.36</b>
	141,448.47	22,439.16	163,887.63	<b>(2,924.79)</b>	<b>160,962.84</b>

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

Amount in ₹ Lakhs			
	Remeasurement of defined benefit liability/ (asset)	Equity instruments through other comprehensive income	Total other comprehensive income
As at 1 April 2018	(29.01)	19,542.69	19,513.68
Remeasurements of defined benefit plan	(43.85)	-	(43.85)
Equity instruments through other comprehensive income - net change in fair value	-	(9,402.15)	(9,402.15)
Tax on above items	15.27	1,092.85	1,108.12
As at 31 March 2019	(57.59)	11,233.39	11,175.80
Remeasurements of defined benefit plan	<b>(109.31)</b>	-	<b>(109.31)</b>
Equity instruments through other comprehensive income - net change in fair value	-	<b>(13,254.89)</b>	<b>(13,254.89)</b>
Tax on above items	<b>38.20</b>	<b>2,883.86</b>	<b>2,922.06</b>
<b>As at 31 March 2020</b>	<b>(128.70)</b>	<b>862.36</b>	<b>733.66</b>

### 19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iii)

Amount in ₹ Lakhs				
	Interest	Maturity	31 March 2020	31 March 2019
<b>Non-current borrowings</b>				
<b>Secured</b>				
<b>500</b> (31 March 2019: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	<b>5,000.00</b>	5,000.00
<b>2,500,000</b> (31 March 2019: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	<b>10,000.00</b>	10,000.00
			<b>15,000.00</b>	15,000.00
<b>Term loans</b>				
<b>Rupee term loan (secured)</b>	refer note (b) below			
From banks			<b>3,308.44</b>	7,232.49
<b>Foreign currency loans (secured)</b>	refer note (b) below			
From banks			<b>299.43</b>	807.10
			<b>3,607.87</b>	8,039.59
Loan against vehicles and equipments (secured)	8.3%-9.8%	2020-2023	<b>430.54</b>	440.69
			<b>19,038.41</b>	23,480.28
Less: Current maturities of non-current borrowings (refer note 22)			<b>(16,793.99)</b>	(4,652.45)
			<b>2,244.42</b>	18,827.83



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

		Amount in ₹ Lakhs		
	Interest	Maturity	31 March 2020	31 March 2019
<b>Current borrowings</b>				
<b>Secured</b>				
<b>From banks (repayable on demand)</b>				
Rupee loans			15,853.68	3,175.35
Foreign currency loans			10,597.60	1,428.38
			<b>26,451.28</b>	4,603.73
<b>Unsecured</b>				
<b>From banks (repayable on demand)</b>				
Rupee loans			-	6,863.58
Foreign currency loans			-	2,699.41
<b>From others</b>				
Commercial paper			5,000.00	10,000.00
			<b>31,451.28</b>	24,166.72

Information about the Company's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 42 and 43.

### A. Terms of repayment/ conversion/ redemption

#### (a) Debentures

- (i) The Company, on 29 October 2013, had issued 500 12.50% Redeemable non-convertible debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (ii) The Company, on 24 August 2010, had issued 2,500,000 10% Redeemable non-convertible debentures of face value of ₹ 400 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

#### (b) Term loans

		Amount in ₹ Lakhs		
Name of the lender	Interest	Repayment schedule	31 March 2020	31 March 2019
<b>(i) Rupee term loans</b>				
Axis Bank Limited [₹ 1,670.00 lakhs (31 March 2019: ₹ 5,002.00 lakhs)]	6 Month MCLR + 0.20%	Repayable at quarterly rest: 10 of ₹ 167.00	1,660.01	4,985.32
IDFC First Bank [₹ 1,650.00 lakhs (31 March 2019: ₹ 2,250.00 lakhs)]	12 Month MCLR + 0.15%	Repayable at quarterly rest: 11 of ₹ 150.00	1,648.43	2,247.17
<b>(ii) Foreign currency loans</b>				
ICICI Bank Limited [JPY 430.56 lakhs (31 March 2019: JPY 1,291.67 lakhs)]	6 Month JPY Libor + 2.00%	JPY 430.56 - repayable in 1 half yearly rest	299.43	807.10

- (iii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### B. Details of security

- (i) 12.50% and 10% Redeemable non-convertible debentures issued to Life Insurance Corporation of India, aggregating to ₹ 15,000.00 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist - Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable Property, plant and equipment of the Company in favour of Axis Trustee Services Limited, being the trustee of the debenture holders.
- (ii) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.
- Rupee term loans from IDFC First Bank (earlier known as IDFC Bank Limited) is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of movable Property, plant and equipment situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit on pari passu basis with other lenders.
- (iii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable Property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders.
- (iv) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.
- (v) Rupee loan comprises of cash credits and working capital borrowings. Current borrowings from banks aggregating to ₹ **26,451.28 lakhs** (31 March 2019: ₹ 4,603.73 lakhs) are secured by hypothecation of current assets of the Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **12,696.71 lakhs** (31 March 2019: ₹ 1,143.05 lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Company.

### 20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 47)	1.58	141.74
- total outstanding dues of creditors other than micro enterprises and small enterprises	5,485.29	4,853.74
(b) Acceptances	15,690.05	36,120.53
	<b>21,176.92</b>	41,116.01
<b>Non-current</b>	-	-
<b>Current</b>	<b>21,176.92</b>	41,116.01
	<b>21,176.92</b>	41,116.01

Information about the Company's exposure to currency and liquidity risks related to trade payables are disclosed in note 43.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 21. Derivatives

See accounting policy in note 3(c)(v)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Foreign exchange forward/ interest rate swap contracts	175.88	604.91
<b>Non-current</b>	-	376.86
<b>Current</b>	175.88	228.05
	<b>175.88</b>	604.91

Information about the Company's exposure to interest rate and currency risks related to derivatives are disclosed in note 43.

### 22. Other financial liabilities

See accounting policy in note 3(c) (i) - (ii)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Security deposits	25.77	25.77
Lease liabilities [refer note 35(c)]	177.06	-
	<b>202.83</b>	25.77
<b>Current</b>		
Current maturities of non-current borrowings (refer note 19)	16,793.99	4,652.45
Interest accrued but not due on borrowings	580.55	792.86
Unclaimed dividend	27.81	28.19
Liability for capital goods	463.59	855.55
Lease liabilities [refer note 35(c)]	52.38	-
Others (including Employee benefits expense and Security deposits)	592.73	467.36
	<b>18,511.05</b>	6,796.41

(a) There are no amount due and outstanding to be credited to Investor Education and Protection under Section 125 of the Companies Act, 2013 as at 31 March 2020 (31 March 2019 - ₹ Nil).

(b) Information about the Company's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 43.

### 23. Other current liabilities

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	566.88	1,484.77
Advance from customers	476.23	4,530.21
	<b>1,043.11</b>	6,014.98

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 24. Provisions

See accounting policies in note 3(g) and (h)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Net defined benefit liability - Gratuity (refer note 38)	373.31	216.83
Provision for litigation [refer note (a) below]	78.42	78.42
	<b>451.73</b>	295.25
<b>Current</b>		
Liability for compensated absences [refer note (a) below]	76.97	54.92
	<b>76.97</b>	54.92

#### (a) Movement of provisions (Non-current and current)

	Amount in ₹ Lakhs	
	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2018	40.24	78.42
Add: Provisions made during the year 2018-19	58.31	-
Less: Amount utilised/ reversed during the year 2018-19	(43.63)	-
Balance as at 31 March 2019	54.92	78.42
Add: Provisions made during the year 2019-20	80.11	-
Less: Amount utilised/ reversed during the year 2019-20	(58.06)	-
<b>Balance as at 31 March 2020</b>	<b>76.97</b>	<b>78.42</b>

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Company as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

### 25. Current tax liabilities (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Income-tax liabilities	-	333.62
[net of advance tax ₹ Nil (31 March 2019: ₹ 9,348.50 lakhs)]		
	<b>-</b>	333.62

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 26. Revenue from operations

See accounting policies in note 3(j) and (k)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	179,137.03	237,657.33
Other operating revenue		
- Export incentive	1,212.82	4.57
<b>Total revenue from operations</b>	<b>180,349.85</b>	237,661.90

(i) Sales are net of price adjustments settled during the year by the Company, discounts and Goods and Services tax (GST) etc.

(ii) Revenue disaggregation is as follows:

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Disaggregation of goods</b>		
- Carbon materials and chemicals	177,897.96	235,771.30
- Power	1,239.07	1,886.03
	<b>179,137.03</b>	237,657.33
<b>(b) Disaggregation based on geography</b>		
India	164,579.69	210,326.26
Outside India	14,557.34	27,331.07
	<b>179,137.03</b>	237,657.33
Geographical location is based on the location of customers excluding export incentives		
<b>(c) Reconciliation of Revenue from sale of products with the contracted price</b>		
Contracted price	179,044.47	231,245.17
Add: Adjustment for variable consideration	92.56	6,412.16
	<b>179,137.03</b>	237,657.33
<b>(d) Information about major customers (refer note 43)</b>		
<b>(e) Contract balances</b>		
Trade receivables (refer note 8)	30,746.60	37,396.92
	<b>30,746.60</b>	37,396.92



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 27. Other income

See accounting policies in note 3(l)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest income under the effective interest method on:		
- Interest on bank deposits	37.99	139.21
- From related parties (refer note 40):		
- On loan given to a wholly owned subsidiary	-	370.59
- Others	4.26	-
- Unwinding of discount on security deposits and others	158.58	144.08
Interest income on income tax refunds	-	116.07
Gain on sale proceeds of current investments measured at fair value through profit or loss	10.18	4.14
Insurance claims	60.75	177.16
Net foreign exchange gain	-	269.08
Net gain on sale of property, plant and equipment	-	1.67
Rental income (refer note 40)	42.00	-
Miscellaneous income	183.06	187.52
	<b>496.82</b>	<b>1,409.52</b>

### 28. Cost of materials consumed

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	26,052.00	16,327.70
Add: Purchases during the year	106,399.67	170,095.43
	<b>132,451.67</b>	<b>186,423.13</b>
Less: Inventory of raw materials at the end of the year	(9,480.19)	(26,052.00)
Less: Material captively consumed in capital projects	(2,165.14)	-
Cost of materials consumed	<b>120,806.34</b>	<b>160,371.13</b>

### 29. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening inventories</b>		
Finished goods	16,577.13	13,846.80
Work-in-progress	7,671.46	8,811.51
	<b>24,248.59</b>	<b>22,658.31</b>

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>Closing inventories</b>		
Finished goods	9,231.89	16,577.13
Work-in-progress	10,153.11	7,671.46
	<b>19,385.00</b>	24,248.59
Less: Material captively consumed in capital projects	<b>(3,429.61)</b>	-
Change in inventories of finished goods and work-in-progress	<b>1,433.98</b>	(1,590.28)

### 30. Employee benefits expense

See accounting policy in note 3(g)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	6,349.27	4,946.40
Contribution to provident and other funds	300.09	195.78
Defined benefit plan expenses - Gratuity (refer note 38)	55.49	40.02
Share based payments to employees - Equity settled (refer note 39)	135.46	170.36
Staff welfare expenses	484.71	459.86
	<b>7,325.02</b>	5,812.42

Salaries, wages and bonus includes ₹ 349.02 lakhs (31 March 2019: ₹ 284.22 lakhs) relating to outsource manpower cost.

### 31. Finance costs

See accounting policy in note 3(o)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	5,157.85	6,378.22
Exchange difference regarded as an adjustment to borrowing costs	325.47	401.67
Other borrowing costs (including interest on income tax)	298.04	509.05
Interest cost on lease liability [refer note 35(c)]	11.13	-
	<b>5,792.49</b>	7,288.94
Less: Interest capitalised during the year (refer note 5)	<b>(340.36)</b>	(231.78)
	<b>5,452.13</b>	7,057.16

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 32. Other expenses

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spares	343.77	348.91
Power and fuel* [refer note (a) below]	1,172.00	1,195.18
Rent	384.72	482.76
Rates and taxes	114.94	158.34
Repairs to*:		
- Building	39.98	46.06
- Plant and equipment	1,771.89	1,904.06
- Others	447.97	418.68
Payment to auditors' [refer note (b) below]	84.30	71.74
Insurance	254.37	196.92
Provision for loans and advances	169.99	-
Loans and advances written off	144.60	-
Bad debts written off	171.00	-
Packing expenses	1,614.87	1,530.04
Freight and forwarding expenses	8,704.28	7,634.65
Commission on sales	1,115.56	1,077.26
Net foreign exchange loss	1,408.93	-
Expenditure on corporate social responsibility [refer note (c) below]	113.68	117.67
Miscellaneous expenses	4,329.45	4,056.02
	<b>22,386.30</b>	<b>19,238.29</b>
* includes stores and spares consumed	<b>1,353.46</b>	<b>1,222.62</b>

#### (a) Power and fuel includes expenses incurred on operation of the power plant

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spares	139.55	191.24
Repairs	103.38	53.86
Other operational expenses	21.50	19.51
	<b>264.43</b>	<b>264.61</b>

#### (b) Payment to auditors'

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
As auditors':		
- Statutory audit fees	50.50	46.44
- Limited review of quarterly results	9.50	4.50
- Certification fees	9.56	1.90
In other capacity:		
- Other services	8.57	14.02
Reimbursement-Out of pocket expenses	6.17	4.88
	<b>84.30</b>	<b>71.74</b>

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (c) Details of expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Company under the Act.

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Amount required to be spent by the Company during the year	627.41	329.65
(b) Amount spent during the year (in cash) on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	113.68	117.67
	<b>113.68</b>	<b>117.67</b>

The Company does not carry any provision for corporate social responsibility expenses for current year and previous year.

### 33. Income tax

See accounting policy in note 3(n)

#### A. Reconciliation of effective tax rate

	Amount in ₹ Lakhs			
	Year ended 31 March 2020		Year ended 31 March 2019	
	Percentage	Amount	Percentage	Amount
Profit before tax		6,976.24		44,929.44
Statutory income-tax rate	34.94%	2,437.78	34.94%	15,700.14
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes"	(100.34%)	(7,000.00)	0.00%	-
Non - deductible expenses for tax purposes	6.88%	479.99	(0.15%)	(65.76)
Tax exempt income/ additional deduction as per income-tax	(29.77%)	(2,076.61)	(4.56%)	(2,047.04)
Changes in tax rate	0.00%	-	0.45%	202.90
Others [refer note (a) below]	72.21%	5,037.43	0.00%	0.00%
	<b>(16.07%)</b>	<b>(1,121.41)</b>	<b>30.69%</b>	<b>13,790.24</b>
Amount recognised in profit or loss				
- Current tax		3,470.49		9,683.00
- Deferred tax		(4,591.90)		4,107.24
Total tax expenses		<b>(1,121.41)</b>		<b>13,790.24</b>

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### B. Movement in deferred tax assets and liabilities

Amount in ₹ Lakhs

Movement during the year ended 31 March 2019	Balance as on 1 April 2018	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2019
Deferred tax (assets)/liabilities:				
Property, plant and equipment	21,957.82	1,379.22	-	23,337.04
Trade receivables	(147.81)	(1.40)	-	(149.21)
Loans	(49.51)	-	-	(49.51)
Other assets	(16.18)	(0.14)	-	(16.32)
Borrowings	(193.09)	-	-	(193.09)
Other financial liabilities	(548.43)	50.00	-	(498.43)
Share based payments- Equity settled	(37.38)	6.48	-	(30.90)
Provisions	(103.69)	0.48	(15.27)	(118.48)
MAT credit entitlements	(15,462.90)	2,678.03	-	(12,784.87)
Gain/ loss on fair valuation of Investments in equity instruments	4,871.62	-	(1,092.85)	3,778.77
Tax losses carried forward	(559.61)	(5.43)	-	(565.04)
Net deferred tax liabilities	9,710.84	4,107.24	(1,108.12)	12,709.96

Amount in ₹ Lakhs

Movement during the year ended 31 March 2020	Balance as on 1 April 2019	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2020
Deferred tax (assets)/liabilities:				
Property, plant and equipment	23,337.04	(4,089.26)	-	19,247.78
Trade receivables	(149.21)	0.28	-	(148.93)
Right of use assets	-	926.39	-	926.39
Loans	(49.51)	(920.27)	-	(969.78)
Other financial assets	-	(1.83)	-	(1.83)
Other assets	(16.32)	(1.99)	-	(18.31)
Borrowings	(193.09)	193.76	-	0.67
Other liabilities	-	(80.17)	-	(80.17)
Other financial liabilities	(498.43)	436.97	-	(61.46)
Share based payments- Equity-settled	(30.90)	(88.00)	-	(118.90)
Provisions	(118.48)	(1.12)	(38.20)	(157.80)
MAT credit entitlement	(12,784.87)	(1,531.70)	-	(14,316.57)
Gain/ loss on fair valuation of Investments in equity instruments	3,778.77	-	(2,883.86)	894.91
Tax losses carried forward	(565.04)	565.04	-	-
Net deferred tax liabilities	12,709.96	(4,591.90)	(2,922.06)	5,196.00

- a) Deferred tax assets is not recognised on certain items [exceptional items (refer note 49) and capital loss] due to lack of reasonable certainty.



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

- b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.
- c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ('MAT'). However, the Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 "Income Taxes" and thus, reversal of net deferred tax liability of ₹ 7,000.00 lakhs has been recognised during the current year.

### 34. Earnings per share (EPS)

See accounting policy in note 3(t)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Basic earnings per share</b>		
(i) Profit for the year, attributable to the equity share holders of the Company (before exceptional items)	20,896.30	31,139.20
(ii) Profit for the year, attributable to the equity share holders of the Company (after exceptional items)	8,097.65	31,139.20
(iii) Weighted average number of equity shares (basic) (number)	418,647,591	418,441,574
<b>Basic earnings per share (before exceptional items) [(i)/ (iii)]</b>	<b>4.99</b>	7.44
<b>Basic earnings per share (after exceptional items) [(ii)/ (iii)]</b>	<b>1.93</b>	7.44
<b>B. Diluted earnings per share</b>		
(i) Weighted average number of equity shares (basic) (number)	418,647,591	418,441,574
(ii) Effect of dilutive potential equity shares on account of employee stock options (number)	-	435,365
(iii) Weighted average number of equity shares (diluted) for the year (i+ii)	418,647,591	418,876,939
<b>Diluted earnings per share (before exceptional items) {(A) (i)/ (B) (iii)}</b>	<b>4.97</b>	7.43
<b>Diluted earnings per share (after exceptional items) {(A) (ii)/ (B) (iii)}</b>	<b>1.93</b>	7.43

### 35. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

#### (a) Contingent liabilities

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<i>Claim against the Company not acknowledged as debts</i>		
Sales tax/VAT matters in dispute/ under appeal	5,437.80	5,366.50
Excise/ Service Tax matters in dispute/under appeal	2,093.25	3,008.07
Custom duty matter in dispute/ under appeal	28.83	491.76
Entry tax in dispute/ under appeal - West Bengal	5,028.82	4,681.07

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Entry tax in dispute/ under appeal - Chhattisgarh	478.89	478.93
Income tax in dispute/ under appeal	973.95	938.87
Income tax in dispute/ under appeal (transferred pursuant to the Scheme of Amalgamation, refer note 50)	2,439.33	2,421.30
Others [refer note (iii) below]	266.71	266.71

### Note:

- (i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (ii) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal ('Government'). The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the Government filed an appeal which is still pending to be disposed off. In the opinion of the Company and on the basis of independent legal opinion obtained, there is a strong merit of the case. Hence, the Company has not made provision for entry tax liability in the books for the current year and for the earlier years.
- (iii) Others represents dispute with a lessor in respect of arrear dues. The Company based on independent legal opinion, does not foresee any significant financial liability on this account.

### (b) Commitments

#### (I) Capital and other commitments

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advances)	3,122.72	14,596.38

### (c) Leases (Ind AS 116)

See accounting policy in note 3(m)

The Company has adopted Ind AS 116 "Leases" with the date of initial application being 1 April 2019, using the modified retrospective method. On transition to Ind AS 116, Right of use assets as at 1 April 2019 for lease previously classified as operating lease were recognised and measured at an amount equal to lease liabilities. Accordingly, previous year information has not been restated.

Particulars	Amount in ₹ Lakhs	
	Amount	
Lease commitments as at 31 March 2019	-	
Lease commitments as at 1 April 2019	123.04	
Add: Contracts reassessed as lease contracts under Ind AS 116	45.13	
Less: Adjustments on account of extension/termination/time value	(51.70)	
Lease liabilities as on 1 April 2019	116.47	

The Company has recognised as on 1 April 2019, Right of use assets amounting to ₹. 116.47 lakhs and lease liabilities amounting to ₹ 116.47 lakhs.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

Particulars	Amount in ₹ Lakhs
	Amount
Increase in lease liability	(116.47)
Increase in right of use assets	116.47

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

Particulars	Amount in ₹ Lakhs		
	Land	Buildings	Amount
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	90.97	25.50	116.47
Reclassified on account of adoption of Ind AS 116	2,404.84	-	2,404.84
Addition during the year	-	129.77	129.77
Amortisation during the year	(187.94)	(15.81)	(203.75)
<b>Balance at 31 March 2020</b>	<b>2,307.87</b>	<b>139.46</b>	<b>2,447.33</b>

### Movement in lease liabilities

Particulars	Amount in ₹ Lakhs
	Amount
Balance as at 1 April 2019	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	116.47
Additions during the year	129.77
Finance cost accrued during the year (refer note 31)	11.13
Payment of lease liabilities during the year (including interest)	(27.93)
<b>Balance as at 31 March 2020</b>	<b>229.44</b>

Lease liabilities - Non-current (refer note 22) 177.06

Lease liabilities - Current (refer note 22) 52.38

### Maturity analysis of lease liabilities

Maturity analysis - contractual undiscounted cash flows	Amount in ₹ Lakhs
	As at 31 March 2020
Less than one year	52.38
One to five years	173.45
More than five years	99.58
<b>Total undiscounted lease liabilities as at 31 March 2020</b>	<b>325.41</b>

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### Amount recognised in Standalone Statement of Profit and Loss

Particulars	Amount in ₹ Lakhs
	Amount
Interest on lease liabilities	11.13
Amortisation during the year	203.75
Expenses relating to short-term leases and low value assets	384.72

### Amount recognised in the Standalone Statement of Cash Flows

Particulars	Amount in ₹ Lakhs
	Amount
Interest expenses recognised during the year (refer note 31)	11.13
Lease payments reflected in Standalone Statement of Cash Flows	16.80

**36.** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Standalone financial statements since the requirement does not pertain to financial year ended 31 March 2020.

### **37. Research and development expenses**

See accounting policy in note 3(d)

Research and development expenses aggregating to ₹ **545.70 lakhs** (31 March 2019: ₹ 407.26 lakhs) in the nature of revenue expenditure and addition of ₹ **194.81 lakhs** (31 March 2019: ₹ 123.87 lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

### **38. Employee benefits**

See accounting policy in note 3(g)

#### **Defined contribution plan**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are recognised in the Standalone Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ **248.05 lakhs** (31 March 2019: ₹ 195.78 lakhs). Out of these, ₹ **221.97 lakhs** (31 March 2019: ₹ 168.57 lakhs) pertains to provident fund plan and ₹ **26.08 lakhs** (31 March 2019: ₹ 27.21 lakhs) pertains to ESI.

#### **Defined benefits - Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

#### **Inherent risk**

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Standalone Statement of Profit and Loss, actuarial assumptions and other information.

### (i) Reconciliation of present value of defined benefit obligation

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Balance at the beginning of the year	434.19	336.58
(b) Current service cost	55.49	40.02
(c) Past service cost - plan amendments	-	-
(d) Interest cost	32.90	25.45
(e) Actuarial (gains)/ losses recognised in other comprehensive income	110.91	44.21
(f) Benefits paid	(13.77)	(12.07)
<b>Balance at the end of the year</b>	<b>619.72</b>	<b>434.19</b>

### (ii) Reconciliation of fair value of plan assets

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Balance at the beginning of the year	217.36	159.78
(b) Expected return on plan asset	17.14	13.97
(c) Actual return on plan asset less interest on plan asset	1.60	0.36
(d) Contributions by the employer	24.08	55.32
(e) Benefits paid	(13.77)	(12.07)
<b>Balance at the end of the year</b>	<b>246.41</b>	<b>217.36</b>

### (iii) Net asset/ (liability) recognised in the Standalone Balance Sheet

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Present value of defined benefit obligation	(619.72)	(434.19)
(b) Fair value of plan assets	246.41	217.36
<b>Net asset/ (liability) recognised in the Standalone Balance Sheet</b>	<b>(373.31)</b>	<b>(216.83)</b>

### (iv) Expense recognised in Standalone Profit or Loss

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Current service cost	55.49	40.02
(b) Past service cost - plan amendments	-	-
(c) Interest cost	32.90	25.45
(d) Expected return on plan assets	(17.14)	(13.97)
<b>Amount charged to Standalone Profit or Loss</b>	<b>71.25</b>	<b>51.50</b>



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (v) Remeasurements recognised in Standalone Other Comprehensive Income

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	58.17	36.08
- experience adjustment	52.74	8.13
(b) Actual return on plan asset less interest on plan asset	(1.60)	(0.36)
<b>Amount recognised in Standalone Other Comprehensive Income</b>	<b>109.31</b>	<b>43.85</b>

### (vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Impact on defined benefit obligation on discount rate plus <b>100 basis points</b> (31 March 2019: 100 basis point)	(60.96)	(39.30)
Impact on defined benefit obligation on salary growth rate plus <b>100 basis points</b> (31 March 2019: 100 basis point)	64.69	41.45
Impact on defined benefit obligation on discount rate minus <b>100 basis points</b> (31 March 2019: 100 basis point)	73.18	46.97
Impact on defined benefit obligation on salary growth rate minus <b>100 basis points</b> (31 March 2019: 100 basis point)	(54.89)	(36.08)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Standalone Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

### (vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Standalone Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

#### Financial assumption

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Discount rate	6.75%	7.70%
Expected rate of salary increase	7.00%	6.00%
Retirement age (years)	60	60
Attrition rate based on different age group of employees:		
ages from 20-25	5%	5%
ages from 25-30	3%	3%
ages from 30-35	2%	2%
ages from 35-50	1%	1%
ages from 50-55	2%	2%
ages from 55-58	3%	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

### (viii) Maturity Profile of defined benefit obligation (undiscounted)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Within next 12 months	110.06	95.65
1-2 year	22.09	16.69
2-3 year	20.69	18.92
3-4 year	30.67	18.37
4-5 year	36.20	27.29
Thereafter	338.76	221.06

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(ix) Weighted average duration of defined benefit obligation	12 years	15 years

(x) The Company expects to pay ₹ 373.31 lakhs in contribution to its defined benefit plans during the year 2020-21.

### (xi) Asset Liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Company to fully prefund the liability of the plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

### 39. Share based payments

See accounting policy in note 3(g)(ii)

#### A. Description of share-based payment arrangement

##### Himadri Employees Stock Option Plan 2016 (equity-settled)

The Company at its 28<sup>th</sup> Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-2017	05-Jan-17	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-2019	08-May-18	2,695,000	140

### B. Measurement of fair values

#### Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Fair value at grant date	₹ 24.94	₹ 24.94	₹ 23.01	₹ 23.01
Share price at grant date	₹ 36.70	₹ 36.70	₹ 121.15	₹ 121.15
Exercise price	₹ 19.00	₹ 19.00	₹ 140.00	₹ 140.00
Expected volatility* (weighted average volatility)	57.57%	57.57%	23.77%	23.77%
Expected life (expected weighted average life)	4.39 years	4.39 years	3.07 years	3.07 years
Expected dividends**	0.27%	0.27%	0.41%	0.41%
Risk-free interest rate (based on government bonds)	6.48%	6.48%	7.35%	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

\*\* Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
Outstanding at 1 April	83.96	2,258,522	19.00	1,281,100
Granted during the year	-	-	140.00	2,695,000
Forfeited during the year	108.52	31,630	134.98	1,546,700
Exercised during the year	19.00	229,037	19.00	170,878
Outstanding at 31 March	91.02	1,997,855	83.96	2,258,522
Exercisable at 31 March	105.80	414,457	19.00	46,414

A weighted average remaining contractual life of **5.85 years** (31 March 2019: 6.69 years).

The weighted average share price at the date of exercise for share options exercised during the year 2019-2020 was ₹ **69.40** (2018-2019: ₹ 130.41).

Weighted average fair value of the options granted during the year 2019-2020 was ₹ **Nil** (2018-2019: ₹ 140).

### D. Expense recognised in Standalone Statement of Profit and Loss

During the year ended 31 March 2020, the Company has charged ₹ **135.46 lakhs** (31 March 2019: ₹ 170.36 lakhs) as share based payment equity-settled expenses, refer note 30.

### E. Details of the liabilities arising out of the share based payments to employees - Equity settled were as follows:

Particulars	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Total carrying amount	340.27	260.27

## 40. Related party disclosure

### A. Enterprises where control exists:

#### i) Subsidiaries

Name of the related party	Principal place of business	% of shareholding and voting power	
		31 March 2020	31 March 2019
Equal Commodeal Private Limited (ECPL), Wholly owned subsidiary upto 31 March 2018	India	-	-
AAT Global Limited (AAT), Wholly owned subsidiary	Hongkong	100	100
Shandong Dawn Himadri Chemical Industry Ltd (SDHCIL), subsidiary of AAT	China	94	94

National Company Law Tribunal ('NCLT'), Kolkata Bench, vide its Order dated 14 October 2019, approved the Scheme of Amalgamation ('the Scheme') between Himadri Speciality Chemical Limited ('the Company' or the 'Transferee Company') and Equal Commodeal Private Limited (the 'Transferor Company'), a wholly owned subsidiary of the Company, with effect from the Appointed Date of 1 April 2018. The NCLT's order has been considered to give effect in the audited Standalone financial statements for the year ended 31 March 2019. Refer note 50 for details.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### ii) Other related parties with whom transactions have taken place during the year

#### a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Chairman*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Managing Director & Chief Executive Officer**	Key Management Personnel
Mr. Amit Choudhary, Executive Director***	Key Management Personnel
Mr. Tushar Choudhary, Executive Director****	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel
Mr. Bajrang Lal Sharma - Company Secretary (upto 14 February 2020)	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary (w.e.f. 15 February 2020)	Key Management Personnel
Mr. Damodar Prasad Choudhary, Chairman Emeritus	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Mr. Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

#### b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Mr. Hanuman Mal Choraria, Non-Executive Independent Director
Mrs. Rita Bhattacharya, Nominee Director (Non-Executive) of Life Insurance Corporation of India (Resigned w.e.f. 8 January 2020)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director (Resigned w.e.f. 15 February 2020)
Mrs. Sucharita Basu De, Non-Executive Independent Director (Appointed w.e.f. 1 April 2019)

\* Managing Director till 14 August 2019

\*\* Appointed as Managing Director w.e.f. closing business hours of 14 August 2019

\*\*\* President, Projects till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

\*\*\*\* President, Operations till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### iii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP

Himadri Credit & Finance Limited  
Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)  
Sri Agro Himghar Limited  
Himadri e-Carbon Limited  
Nanhey Lal Mohini Devi Foundation  
Bharat Seva Nidhi  
Himadri Foundation  
Tuaman Engineering Limited (w.e.f. 16 July 2019)

### iv) Entities with significant influence over the Company

BC India Investments  
Modern Hi-Rise Private Limited

### v) Firm in which director is a partner

Aquilaw

## B. Disclosure of transactions between the Company and related parties

Name of the related party	Nature of transaction	Amount in ₹ Lakhs	
		Year ended 31 March 2020	Year ended 31 March 2019
AAT Global Limited	Purchase of raw materials	26,922.09	60,192.61
	Payment for supplies	29,385.87	64,263.81
	Interest on loan given (transferred pursuant to the Scheme of Amalgamation, refer note 50)	-	370.59
	Impairment of investment in equity shares	5,244.64	-
	Loss allowance for loan given	6,298.98	-
	Loss allowance for advance for supplies	1,255.03	-
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ 3,704.23 lakhs]*	20,579.07	-
	Payment for EPC*	9,051.56	-
	Rental income	42.00	-
Shandong Dawn Himadri Chemical Industry Ltd	Sale of products	-	1.06
Modern Hi-Rise Private Limited	Rent paid	0.14	0.14
Sri Agro Himghar Limited	Rent paid	0.06	0.26
Aquilaw	Legal expenses	102.76	-
Mr. Bankey Lal Choudhary	Remuneration	208.03	130.46
Mr. Shyam Sundar Choudhary	Remuneration	204.50	130.18

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2020	Year ended 31 March 2019
Mr. Vijay Kumar Choudhary	Remuneration	201.81	125.68
Mr. Anurag Choudhary	Remuneration	261.25	150.68
Mr. Amit Choudhary	Remuneration	201.71	125.61
Mr. Tushar Choudhary	Remuneration	201.94	125.61
Mr. Kamlesh Kumar Agarwal	Remuneration	107.67	97.26
Mr. Bajrang Lal Sharma	Remuneration	17.33	17.69
Mrs. Monika Saraswat	Remuneration	1.40	-
Mr. Kamlesh Kumar Agarwal	Loan given	75.00	-
Mr. Kamlesh Kumar Agarwal	Interest receivable on loan given	4.26	-
Nanhey Lal Mohini Devi Foundation	Expenditure on corporate social responsibility	12.09	81.82
Bharat Seva Nidhi	Expenditure on corporate social responsibility	-	0.05
Himadri Foundation	Expenditure on corporate social responsibility	101.59	24.29
Nanhey Lal Mohini Devi Foundation	Donation	-	50.18
Bharat Seva Nidhi	Donation	-	0.45
Himadri Foundation	Donation	198.00	17.71
Mr. Sakti Kumar Banerjee	Sitting fees	2.94	2.12
Mr. Hardip Singh Mann	Sitting fees	1.20	1.20
Mr. Santimoy Dey	Sitting fees	2.94	2.12
Mr. Hanuman Mal Choraria	Sitting fees	2.38	1.64
Mrs. Rita Bhattacharya	Sitting fees	1.20	1.00
Mr. Santosh Kumar Agrawala	Sitting fees	1.80	1.20
Mr. Suryakant Balkrishna Mainak	Sitting fees	0.90	0.80
Mrs. Sucharita Basu De	Sitting fees	1.20	-
BC India Investments	Dividend paid	154.77	103.18
Modern Hi-Rise Private Limited	Dividend paid	273.90	182.61
Himadri Credit & Finance Limited	Dividend paid	14.23	9.48
Mr. Vijay Kumar Choudhary	Dividend paid	4.90	3.27
Mr. Shyam Sundar Choudhary	Dividend paid	4.85	3.23
Mr. Bankey Lal Choudhary	Dividend paid	2.23	1.48
Mr. Damodar Prasad Choudhary	Dividend paid	2.23	1.48
Mrs. Sushila Devi Choudhary	Dividend paid	1.28	0.85
Mrs. Sheela Devi Choudhary	Dividend paid	1.14	0.76
Mrs. Saroj Devi Choudhary	Dividend paid	1.23	0.82
Mrs. Kanta Devi Choudhary	Dividend paid	1.23	0.82
Mr. Kamlesh Kumar Agarwal	Dividend paid	0.03	-

\*Information in respect of these transactions has been given w.e.f. 16 July 2019, the date of Tuaman Engineering Limited becoming related party.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### C. Outstanding balances

Name of the related party	Nature of transaction	Amount in ₹ Lakhs	
		31 March 2020	31 March 2019
AAT Global Limited	Loan given (including interest receivable) [transferred pursuant to the Scheme of Amalgamation, refer note 50]	-	6,298.98
	Loan given (including interest receivable)	<b>6,298.98</b>	-
	Loss allowance for loan (including interest receivable)	<b>(6,298.98)</b>	-
	Advance for supplies (net)	<b>7,711.14</b>	5,320.28
	Loss allowance for advances	<b>(1,255.03)</b>	-
Tuaman Engineering Limited	Capital advances	<b>204.15</b>	-
Shandong Dawn Himadri Chemical Industry Ltd	Trade receivable	-	1.02
Sri Agro Himghar Limited	Rent Payable	<b>0.06</b>	-
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	<b>79.26</b>	-

### D. Key management personnel remuneration

Key management personnels (KMP) remuneration comprised of the following:

Nature of transaction	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Short-term employee benefits	<b>1,393.37</b>	879.59
Share based payments to employees - Equity settled	<b>8.42</b>	20.41
Other long-term benefits	<b>3.85</b>	3.17
Total remuneration paid to key management personnel	<b>1,405.64</b>	903.17

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

### E. Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

During the year ended 31 March 2020, the Company has recognised impairment for investments in equity shares of AAT amounting to ₹ **5,244.64 lakhs** and recognised provisions for loans (including interest receivable) and advance for supplies amounting to ₹ **6,298.98 lakhs** and ₹ **1,255.03 lakhs** respectively. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### 41. Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

		Amount in ₹ Lakhs	
		31 March 2020	31 March 2019
<b>(a) Loans and advances in the nature of loan to a subsidiary company</b>			
AAT Global Limited			
	Amount outstanding as at year ended	-	6,298.98
	Maximum balance of loan outstanding during the year	<b>6,298.98</b>	6,298.98
Loan given to AAT Global Limited for business purpose (refer note 11 and 49).			

**(b) Details of investments:** Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in note 7.

### 42. Fair value measurement

See accounting policy in note 3(x)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

#### A. Accounting classification and fair value

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

		Amount in ₹ Lakhs				Fair value measurement using		
As on 31 March 2020	Note	Carrying value				Level 1	Level 2	Level 3
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount			
<b>Financial assets:</b>								
	Investment in preference shares (unquoted)	-	46.37	4,233.59	4,279.96	-	4,233.59	46.37
	Investment in equity instruments (unquoted)	-	-	2.82	2.82	-	1.35	1.47
	Investment in equity instruments (quoted)	-	-	383.09	383.09	1.30	-	381.79
	Investment in government securities	0.07	-	-	0.07	-	-	-
	Trade receivables	30,746.60	-	-	30,746.60	-	-	-
	Cash and cash equivalents	3,743.81	-	-	3,743.81	-	-	-
	Bank balances other than cash and cash equivalents	453.18	-	-	453.18	-	-	-
	Loans	2,310.72	-	-	2,310.72	-	-	-
	Other financial assets	578.70	-	-	578.70	-	-	-

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2020	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial liabilities:</b>								
Non-convertible debentures	19	15,000.00	-	-	15,000.00	-	-	-
Term loans	19	4,038.41	-	-	4,038.41	-	-	-
Current borrowings	19	31,451.28	-	-	31,451.28	-	-	-
Trade payables	20	21,176.92	-	-	21,176.92	-	-	-
Derivatives	21	-	175.88	-	175.88	-	175.88	-
Lease liabilities	22	229.44	-	-	229.44	-	-	-
Other financial liabilities (other than lease liabilities)	22	1,690.45	-	-	1,690.45	-	-	-

Amount in ₹ Lakhs

As on 31 March 2019	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets:</b>								
Investment in preference shares (unquoted)	7	-	46.37	16,595.02	16,641.39	-	16,595.02	46.37
Investment in equity instruments (unquoted)	7	-	-	6.88	6.88	-	5.31	1.57
Investment in equity instruments (quoted)	7	-	-	1,272.51	1,272.51	1.90	-	1,270.61
Investment in mutual funds	7	-	1.23	-	1.23	1.23	-	-
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	37,396.92	-	-	37,396.92	-	-	-
Cash and cash equivalents	9	967.49	-	-	967.49	-	-	-
Bank balances other than cash and cash equivalents	10	3,704.61	-	-	3,704.61	-	-	-
Loans	11	8,466.16	-	-	8,466.16	-	-	-
Other financial assets	12	1,037.46	-	-	1,037.46	-	-	-



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

						Amount in ₹ Lakhs		
As on 31 March 2019	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial liabilities:</b>								
Non-convertible debentures	19	15,000.00	-	-	15,000.00	-	-	-
Term loans	19	8,480.28	-	-	8,480.28	-	-	-
Current borrowings	19	24,166.72	-	-	24,166.72	-	-	-
Trade payables	20	41,116.01	-	-	41,116.01	-	-	-
Derivatives	21	-	604.91	-	604.91	-	604.91	-
Other financial liabilities (other than lease liabilities)	22	2,169.73	-	-	2,169.73	-	-	-

The Company assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

### B. Fair value hierarchy

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed company.
- The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

- (d) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- (e) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.
- (f) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.
- (g) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Company's estimates.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2020 and 31 March 2019.

### Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Balance as at beginning of the year	1,318.55	5,791.61
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	(888.92)	(1,949.88)
Assumed in a scheme of amalgamation of investee companies pursuant to the NCLT order dated 1 March 2019 (refer note 7)	-	(2,523.18)
Balance as at end of the year	429.63	1,318.55

### Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2019.

### Financial assets and liabilities measured at fair value as at Standalone Balance Sheet date

- The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

### Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

### 43. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### Risk management framework

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Company

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
<b>Credit risk</b>	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
<b>Liquidity risk</b>	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
<b>Market risk</b>			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and restricts the exposure in equity markets.

### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

#### Trade receivable

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

#### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However the Company also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from a top customer	20%	17%
Revenue from top five customers	45%	44%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	417.01	417.01
Add: Provided during the year	-	-
Less: Utilised during the year	-	-
<b>Balance at the end of the year</b>	<b>417.01</b>	417.01

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

31 March 2020	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	49,307.60	1,579.13	862.63	-	-	51,749.36
Trade payables (including acceptances)	21,176.92	-	-	-	-	21,176.92
Derivatives	175.88	-	-	-	-	175.88
Other financial liabilities*	1,717.06	48.94	41.90	108.38	99.58	2,015.86

\* includes lease liability including lease interest

Amount in ₹ Lakhs

31 March 2019	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	31,057.28	17,745.08	1,508.74	818.28	-	51,129.38
Trade payables (including acceptances)	41,116.01	-	-	-	-	41,116.01
Derivatives	228.05	376.86	-	-	-	604.91
Other financial liabilities	1,351.10	-	-	25.77	-	1,376.87

### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### (a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated are EURO, USD and JPY. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

#### Exposure to currency risk

The Company's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in ₹ Lakhs						
	In original currency (EURO in lakhs)	In local currency (₹)	In original currency (USD in lakhs)	In local currency (₹)	In original currency (JPY in lakhs)	In local currency
<b>31 March 2020</b>						
<b>Financial Assets</b>						
Trade receivables	-	-	21.98	1,656.97	-	-
Cash and cash equivalents	-	-	10.58	797.42	-	-
	-	-	32.56	2,454.39	-	-
<b>Financial Liabilities</b>						
Borrowings (including current maturities of non-current borrowings)	-	-	140.58	10,597.60	430.56	299.88
Trade payables	-	-	207.87	15,670.70	-	-
Derivatives	-	-	0.80	60.27	165.99	115.61
Other financial liabilities	0.07	5.56	4.82	363.61	0.79	0.55
	0.07	5.56	354.07	26,692.18	597.34	416.04
<b>Net exposure in respect of recognised financial assets and financial liabilities</b>	<b>(0.07)</b>	<b>(5.56)</b>	<b>(321.51)</b>	<b>(24,237.79)</b>	<b>(597.34)</b>	<b>(416.04)</b>

Amount in ₹ Lakhs						
	In original currency (EURO in lakhs)	In local currency (₹)	In original currency (USD in lakhs)	In local currency (₹)	In original currency (JPY in lakhs)	In local currency
<b>31 March 2019</b>						
<b>Financial Assets</b>						
Trade receivables	-	-	52.63	3,639.75	-	-
Cash and cash equivalents	-	-	0.66	45.71	-	-
	-	-	53.29	3,685.46	-	-

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

	In original currency (EURO in lakhs)	In local currency (₹)	In original currency (USD in lakhs)	In local currency (₹)	In original currency (JPY in lakhs)	In local currency
31 March 2019						
<b>Financial Liabilities</b>						
Borrowings (including current maturities of non- current borrowings)	-	-	59.68	4,127.79	1,291.68	807.55
Trade payables	-	-	510.47	35,310.07	-	-
Derivatives	-	-	3.80	262.83	547.15	342.08
Other financial liabilities	-	-	4.85	335.35	2.72	1.70
	-	-	578.80	40,036.04	1,841.55	1,151.33
<b>Net exposure in respect of recognised financial assets and financial liabilities</b>	-	-	(525.51)	(36,350.58)	(1,841.55)	(1,151.33)

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the EURO, USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
EURO (5% Movement)	<b>(0.28)</b>	<b>0.28</b>	<b>(0.18)</b>	<b>0.18</b>
USD (5% Movement)	<b>(1,211.89)</b>	<b>1,211.89</b>	<b>(788.41)</b>	<b>788.41</b>
JPY (10% Movement)	<b>(41.60)</b>	<b>41.60</b>	<b>(27.07)</b>	<b>27.07</b>
31 March 2019				
EURO (5% Movement)	-	-	-	-
USD (5% Movement)	(1,817.53)	1,817.53	(1,182.41)	1,182.41
JPY (10% Movement)	(115.13)	115.13	(74.90)	74.90

### (b) Interest rate risk

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 interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

### Exposure to interest rate risk

The interest rate profile of the Company 's interest bearing financial instruments at the end of the reporting period are as follows:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	678.09	7,105.25
Financial liabilities	(42,528.14)	(31,168.48)
	<b>(41,850.05)</b>	(24,063.23)
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(7,961.55)	(16,478.52)
	<b>(7,961.55)</b>	(16,478.52)

### Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

	Amount in ₹ Lakhs			
	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
Variable rate instruments	(79.62)	79.62	(51.80)	51.80
<b>Cash flow sensitivity (net)</b>	<b>(79.62)</b>	<b>79.62</b>	<b>(51.80)</b>	<b>51.80</b>
31 March 2019				
Variable rate instruments	(164.79)	164.79	(107.21)	107.21
Cash flow sensitivity (net)	(164.79)	164.79	(107.21)	107.21

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

### (c) Equity price risks

The Company's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

### Sensitivity analysis

Investment in equity instruments made by the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2020. Hence, sensitivity analysis is not given.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

(d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Particulars	Currency pair	Position	Amount in ₹ Lakhs			
			31 March 2020		31 March 2019	
			Amount in foreign currency in lakhs	Amount in ₹ in lakhs	Amount in foreign currency in lakhs	Amount in ₹ in lakhs
Currency swap [1, (previous year 1)]	USD/JPY	Sell	430.56	299.89	1,291.67	807.55
Interest rate swaps [1, (previous year 3)]	USD/INR	Notional principal	138.07	10,408.53	246.12	17,024.44
Interest rate swap [Nil, (previous year 1)]	JPY/INR	Notional principal	-	-	4,733.69	2,959.50

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Standalone Balance Sheet date:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Later than three months and not later than one year	175.88	228.05
Later than one year	-	376.86
	<b>175.88</b>	<b>604.91</b>

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/ liability	-	175.88	35.03	639.94
Amount set-off	-	-	(35.03)	(35.03)
<b>Net amount presented in Standalone Balance Sheet</b>	<b>-</b>	<b>175.88</b>	<b>-</b>	<b>604.91</b>

#### 44. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Company may take appropriate steps in order to maintain or adjust its capital structure.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		Amount in ₹ Lakhs	
		31 March 2020	31 March 2019
Borrowings	A	50,489.69	47,647.00
Liquid investments	B	3,743.81	968.72
<b>TOTAL</b>	C = A-B	<b>46,745.88</b>	46,678.28
Equity	D	165,150.92	168,073.42
<b>Debt to Equity</b>	E = A / D	<b>0.31</b>	0.28
<b>Debt to Equity (net)</b>	F = C / D	<b>0.28</b>	0.28

For the purpose of the Company's capital management

- Borrowings include as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19 and 22.
- Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Company as described in note 17 and 18.
- Liquid investments include cash and cash equivalents, mutual funds (refer note 7B and 9)

### 45. Segment information

See accounting policy in note 3(u)

The Company has presented segment information in the Consolidated financial statements which are presented in the same annual report. Accordingly, in terms of paragraph 4 of Ind AS 108 'Operating segment', no disclosures related to segments are presented in these Standalone financial statements.

- The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Standalone financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

### 47. Due to micro enterprises, small and medium enterprises

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	1.58	141.74
- Interest	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-



## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

### 48. Distribution made and proposed dividend on equity shares

See accounting policy in note 3(q)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>Dividend on equity shares declared and paid during the year</b>		
Final dividend for the year ended on 31 March 2019: ₹ 0.15 per share (31 March 2018: ₹ 0.10 per share)	627.91	418.41
Dividend distribution tax on final dividend	129.07	86.00
<b>Total dividend paid</b>	<b>756.98</b>	504.41
<b>Proposed dividend on equity shares not recognised as liability</b>		
Final dividend for the year ended on 31 March 2020: ₹ 0.15 per share (31 March 2019: Re 0.15 per share)	628.21	627.87
Dividend distribution tax on final dividend	-	129.06
<b>Total dividend proposed for the year</b>	<b>628.21</b>	756.93

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Company at the Annual General Meeting and not recognised as a liability as at Standalone Balance Sheet date.

### 49. Exceptional items

See accounting policy in note 3(w)

The Company had made investments in equity shares and given loans and advances to its wholly owned subsidiary, AAT Global Limited ('AAT'), Hongkong. AAT, in turn, invested in equity shares and had given loans and advances to its subsidiary, Shandong Dawn Himadri Chemical Industry Ltd ('SDHCIL'), China. There has been shortfall in the business performance of both AAT and SDHCIL as compared with budgets and further changes in the technology, market, economic environment have had adverse impact on the value of the investments and recoverability of loans and advances given. Due to the on-going size of operations and cost-benefit trend, both AAT and SDHCIL have been incurring losses and their net worth are fully eroded. Accordingly, the Company's investments in equity shares of AAT, amounting to ₹ 5,244.64 lakhs, has been fully impaired and loans and advances given to AAT, amounting to ₹ 7,554.01 lakhs, have been fully provided for as at 31 March 2020.

### 50. Business combination-Scheme of Amalgamation

See accounting policy in note 3(x)

(a) National Company Law Tribunal ('NCLT'), Kolkata Bench, vide its Order dated 14 October 2019, approved the Scheme of Amalgamation ('the Scheme') between Himadri Speciality Chemical Limited ('the Company' or 'the Transferee Company') and Equal Commodore Private Limited ('the Transferor Company'), a wholly owned subsidiary of the Company, with effect from the 'Appointed Date' of '1 April 2018'. The aforesaid order of NCLT has been considered to give effect in the audited Standalone financial statements for year ended 31 March 2019, by transferring the carrying amount of assets and liabilities pertaining to the Transferor Company with effect from the Appointed Date.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

(b) Accordingly, the audited Standalone financial statements for the year ended 31 March 2019, have been restated by the Company after recognising the effect of the merger from the appointed date by transferring at their book value as per the Order, as appearing in the books of the Transferor Company. The details of assets and liabilities transferred to the Transferee Company are as under:

Particulars	Amount in ₹ Lakhs		
	As at 31 March 2019 (pre-merger)	Net impact on account of merger	As at 31 March 2019 (post merger)
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	108,980.90	444.12	109,425.02
(b) Capital work-in-progress	12,643.27	-	12,643.27
(c) Other intangible assets	233.93	-	233.93
(d) Financial assets			
(i) Investments	25,921.85	(2,756.36)	23,165.49
(ii) Loans	5,233.69	3,041.86	8,275.55
(iii) Trade receivables	792.65	-	792.65
(iv) Other financial assets	4.72	-	4.72
(e) Non-current tax assets (net)	160.01	-	160.01
(f) Other non-current assets	12,449.54	6.38	12,455.92
<b>Total non-current assets</b>	<b>166,420.56</b>	<b>736.00</b>	<b>167,156.56</b>
<b>(2) Current assets</b>			
(a) Inventories	53,890.73	-	53,890.73
(b) Financial assets			
(i) Investments	-	1.23	1.23
(ii) Trade receivables	36,604.27	-	36,604.27
(iii) Cash and cash equivalents	952.90	14.59	967.49
(iv) Bank balances other than (ii) above	3,704.61	-	3,704.61
(v) Loans	190.61	-	190.61
(vi) Other financial assets	1,362.71	(329.97)	1,032.74
(c) Other current assets	15,470.65	0.91	15,471.56
<b>Total current assets</b>	<b>112,176.48</b>	<b>(313.24)</b>	<b>111,863.24</b>
<b>TOTAL ASSETS</b>	<b>278,597.04</b>	<b>422.76</b>	<b>279,019.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	4,185.79	-	4,185.79
(b) Other equity	163,537.13	350.50	163,887.63
<b>Total equity</b>	<b>167,722.92</b>	<b>350.50</b>	<b>168,073.42</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18,827.83	-	18,827.83
(ii) Derivatives	376.86	-	376.86
(iii) Other financial liabilities	25.77	-	25.77

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

Particulars	Amount in ₹ Lakhs		
	As at 31 March 2019 (pre-merger)	Net impact on account of merger	As at 31 March 2019 (post merger)
(b) Provisions	295.25	-	295.25
(c) Deferred tax liabilities (net)	12,788.16	(78.20)	12,709.96
<b>Total non-current liabilities</b>	<b>32,313.87</b>	<b>(78.20)</b>	<b>32,235.67</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24,166.72	-	24,166.72
(ii) Trade payables		-	-
- total outstanding dues of micro enterprises and small enterprises	141.74	-	141.74
- total outstanding dues of creditors other than micro enterprises and small enterprises	40,973.62	0.65	40,974.27
(iii) Derivatives	228.05	-	228.05
(iv) Other financial liabilities	6,750.34	46.07	6,796.41
(b) Other current liabilities	6,007.08	7.90	6,014.98
(c) Provisions	54.92	-	54.92
(d) Current tax liabilities (net)	237.78	95.84	333.62
<b>Total current liabilities</b>	<b>78,560.25</b>	<b>150.46</b>	<b>78,710.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>278,597.04</b>	<b>422.76</b>	<b>279,019.80</b>

- (c) Following amount has been adjusted in the books of Transferee Company for giving impact merger in accordance with the Scheme is as under:

Particulars	Amount in ₹ Lakhs
	Amount
Adjusted with Retained earnings as on 1 April 2018	(58.87)

Impact on Profit before tax and Net profit after tax for year ended 31 March 2019 is as under due to merger in accordance with the Scheme is presented below:

Particulars	Amount in ₹ Lakhs		
	For the year ended 31 March 2019 (pre-merger)	Net impact on account of merger	For the year ended 31 March 2019 (post merger)
Profit before tax	44,502.28	427.16	44,929.44
Net Profit after tax	30,729.83	409.37	31,139.20

- (d) Pursuant to the Scheme, all equity shares of the Transferor Company held by the Transferee Company shall stand cancelled without any further application, act or deed. Further, no new shares shall be issued, or payment made in cash whatsoever by the Transferee Company in lieu of shares of the Transferor Company. In so far as any securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the effective date, stand cancelled as on the effective date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

## Notes to the Standalone financial statements for the year ended 31 March 2020 (Contd.)

- (e) The transactions pertaining to the transferred business from the appointed date upto the effective date of the Scheme have been deemed to be made by Transferee Company.
- (f) As per the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of accounts or disclosed in the balance sheet of Transferor Company, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company. Any and all the assets, whether movable or immovable, whether present or future, whether tangible or intangible, all rights, title, interests, covenants, undertakings, including continuing rights, title and interests in connection with the land and the buildings thereon, whether leasehold or otherwise, plant and machinery, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto.
- (g) Details of the contingent liabilities and commitments transferred to the Transferee Company are as under:

<b>Amount in ₹ Lakhs</b>	
	<b>Amount</b>
<b>Claim against the Company not acknowledged as debt</b>	
Income tax in dispute/ under appeal	2,421.30

### 51. Estimation of uncertainty due to COVID-19 pandemic

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Company based on the internal and external information available up to the date of approval of these standalone financial statements, the Company does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Standalone financial statements and the Company will continue to closely monitor for any material changes to future economic conditions.

52. Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year classification / disclosure.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLCO42756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

## Independent Auditors' Report

### To the Members of Himadri Speciality Chemical Limited

#### Report on the Audit of Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2020, of its consolidated

profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

##### 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 SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditors' Report (Contd.)

### Description of Key Audit Matter

#### Litigation and regulatory proceedings

See note 8 and 16 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2020, the Holding Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years.</p> <p>The Holding Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation.</p> <p>These estimates could change substantially over time as new facts emerge and legal cases progress.</p> <p>The Holding Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same.</p> <p>We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the consolidated financial statements for the year ended 31 March 2020.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>- Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter.</li> <li>- Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Holding Company.</li> <li>- Evaluated the independence and competency of legal expert engaged by the Holding Company.</li> <li>- Read the independent legal opinion obtained by the Holding Company from external legal counsel.</li> <li>- Obtained and tested evidence to support the Holding Company's assessment on recoverability of the amount receivable from a customer and advances given to supplier.</li> <li>- Assessed the appropriateness of disclosures in the consolidated financial statements of the Group.</li> </ul>

#### Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 33 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Holding Company has recognised Minimum Alternate Tax ("MAT") credit entitlement (a component of deferred tax assets) as at 31 March 2020. The utilisation of this asset will be through offsetting it when the Holding Company pays taxes under the normal provision of Income -tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income -tax Act, 1961.</p> <p>The Holding Company recognises MAT credit only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans.</p> <p>Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions.</p> <p>Due to significant level of judgement as stated aforesaid we have identified recoverability of MAT credit entitlement as a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>- Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard.</li> <li>- Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based.</li> <li>- Assessed the profit forecast prepared by the Holding Company by comparing it with the historical trends, current year performance and approved future business plans. Our assessment was based on our knowledge of the business.</li> <li>- Evaluated the Holding Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Holding Company's assessment to business plans and projections of future taxable profits. We verified such estimate to be within the period prescribed under the Income -tax Act, 1961.</li> <li>- Assessed the adequacy of related disclosures in the consolidated financial statements of the Group.</li> </ul>

## Independent Auditors' Report (Contd.)

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, 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 and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 Board of Directors either intends to liquidate the 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 is responsible for overseeing the financial reporting process of each company.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 risks of material misstatement of the consolidated financial statements, whether due to fraud or error,

## Independent Auditors' Report (Contd.)

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 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

## Independent Auditors' Report (Contd.)

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

We did not audit the financial statements / financial information of two (2) subsidiaries, whose financial statements/financial information reflect total assets of ₹19,528.14 lakhs as at 31 March 2020, total revenues of ₹28,253.38 lakhs and net cash outflows amounting to ₹2.02 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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, is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated 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.

### Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- 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 financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - 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 financial statements;
  - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act;
  - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and

## Independent Auditors' Report (Contd.)

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 8(c),16(b), 24 and 35(a) to the consolidated financial statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Group;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding during the year ended 31 March 2020; and
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act, which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner

Place: Kolkata  
Date: 21 July 2020

Membership No. 055757  
UDIN: 20055757AAAACL3323

## Annexure A

### to the Independent Auditors' Report on the Consolidated Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020

#### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

[Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

#### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as "the Holding Company").

In our opinion, the Holding Company have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter

referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 with reference to consolidated financial statements.

#### Meaning of Internal Financial controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted



## Annexure A

### to the Independent Auditors' Report on the Consolidated Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2020 (Contd.)

accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

#### **Inherent Limitations of Internal Financial controls with reference to consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner

Place: Kolkata  
Date: 21 July 2020

Membership No. 055757  
UDIN: 20055757AAAACL3323

# Consolidated Balance Sheet

## as at 31 March 2020

	Note	31 March 2020	Amount in ₹ Lakhs 31 March 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4A	143,888.11	116,807.28
(b) Capital work-in-progress	5	15,837.73	13,331.29
(c) Right of use assets	4B	3,431.10	-
(d) Other intangible assets	6	184.25	233.93
(e) Financial assets			
(i) Investments	7	4,665.94	17,920.85
(ii) Loans	11	2,047.92	1,976.57
(iii) Trade receivables	8	788.90	792.65
(iv) Other financial assets	12	10.06	4.72
(f) Non-current tax assets (net)	13	224.03	160.01
(g) Other non-current assets	14	1,519.79	12,455.92
<b>Total non-current assets</b>		<b>172,597.83</b>	<b>163,683.22</b>
<b>(2) Current assets</b>			
(a) Inventories	15	40,519.10	54,317.79
(b) Financial assets			
(i) Investments	7	-	1.23
(ii) Trade receivables	8	29,957.70	36,613.20
(iii) Cash and cash equivalents	9	4,202.83	1,405.65
(iv) Bank balances other than (iii) above	10	453.18	3,704.61
(v) Loans	11	348.50	239.61
(vi) Other financial assets	12	568.64	1,032.74
(c) Other current assets	16	7,594.49	17,792.07
<b>Total current assets</b>		<b>83,644.44</b>	<b>115,106.90</b>
<b>TOTAL ASSETS</b>		<b>256,242.27</b>	<b>278,790.12</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	4,188.08	4,185.79
(b) Other equity	18	169,227.32	158,993.30
<b>Equity attributable to the owners of the Company</b>		<b>173,415.40</b>	<b>163,179.09</b>
<b>Non-controlling interests</b>		<b>(45.02)</b>	<b>(32.08)</b>
<b>Total equity</b>		<b>173,370.38</b>	<b>163,147.01</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	2,244.42	18,827.83
(ii) Derivatives	21	-	376.86
(iii) Other financial liabilities	22	693.22	25.77
(b) Provisions	24	451.73	295.25
(c) Deferred tax liabilities (net)	33	5,196.00	12,709.94
<b>Total non-current liabilities</b>		<b>8,585.37</b>	<b>32,235.65</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	31,451.28	24,166.72
(ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		1.58	141.74
- total outstanding dues of creditors other than micro enterprises and small enterprises		22,938.65	43,909.97
(iii) Derivatives	21	175.88	228.05
(iv) Other financial liabilities	22	18,594.39	6,750.34
(b) Other current liabilities	23	1,047.77	7,822.10
(c) Provisions	24	76.97	54.92
(d) Current tax liabilities (net)	25	-	333.62
<b>Total current liabilities</b>		<b>74,286.52</b>	<b>83,407.46</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>256,242.27</b>	<b>278,790.12</b>
<b>Significant accounting policies</b>	3		
The accompanying notes form an integral part of the Consolidated financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Sd/-

**Jayanta Mukhopadhyay**

Partner

Membership No. 055757

For and on behalf of the Board of Directors of

**Himadri Speciality Chemical Limited**

CIN: L27106WB1987PLC042756

Sd/-

**Anurag Choudhary**

Managing Director and Chief

Executive Officer

DIN: 00173934

Sd/-

**Kamlesh Kumar Agarwal**

Chief Financial Officer

Sd/-

**Shyam Sundar Choudhary**

Executive Director

DIN: 00173732

Sd/-

**Monika Saraswat**

Company Secretary

Place: Kolkata

Date: 21 July 2020

Place: Kolkata

Date: 21 July 2020

# Consolidated Statement of Profit & Loss

## for the year ended 31 March 2020

	Note	Year ended 31 March 2020	Amount in ₹ Lakhs Year ended 31 March 2019
<b>I. Revenue from operations</b>	26	<b>180,580.03</b>	242,238.66
<b>II. Other income</b>	27	<b>798.50</b>	776.52
<b>III. Total income (I + II)</b>		<b>181,378.53</b>	243,015.18
<b>IV. Expenses</b>			
Cost of materials consumed	28	<b>127,343.03</b>	161,758.90
Changes in inventories of finished goods and work-in-progress	29	<b>(4,963.76)</b>	(1,718.27)
Employee benefits expense	30	<b>7,433.34</b>	5,956.17
Finance costs	31	<b>5,491.35</b>	7,105.25
Depreciation and amortisation expense	4A, 4B and 6	<b>3,924.38</b>	3,443.44
Other expenses	32	<b>22,735.67</b>	20,255.92
<b>Total expenses</b>		<b>161,964.01</b>	196,801.41
<b>V. Profit before tax (III-IV)</b>		<b>19,414.52</b>	46,213.77
<b>VI. Tax expenses</b>			
Current tax	33	<b>3,470.49</b>	9,683.00
Deferred tax (credit)/ charge	33	<b>(4,591.88)</b>	4,107.22
<b>Total tax expenses</b>		<b>(1,121.39)</b>	13,790.22
<b>VII. Profit for the year (V-VI)</b>		<b>20,535.91</b>	32,423.55
<b>VIII. Other comprehensive income</b>			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the net defined benefit plan		<b>(109.31)</b>	(43.85)
(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		<b>(13,254.89)</b>	(9,402.15)
(c) Income-tax relating to items that will not be reclassified to profit or loss		<b>2,922.06</b>	1,108.12
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>(10,442.14)</b>	(8,337.88)
B. Items that will be reclassified subsequently to profit or loss			
(a) Exchange differences in translating financial statements of foreign operations		<b>707.61</b>	(2,076.60)
(b) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>707.61</b>	(2,076.60)
<b>Other comprehensive income for the year (net of income tax)</b>		<b>(9,734.53)</b>	(10,414.48)
<b>IX. Total comprehensive income for the year (VII+VIII)</b>		<b>10,801.38</b>	22,009.07
<b>X. Profit attributable to:</b>			
Owners of the Company		<b>20,547.63</b>	32,429.38
Non-controlling interests		<b>(11.72)</b>	(5.83)
<b>Profit after tax for the year</b>		<b>20,535.91</b>	32,423.55
<b>XI. Other comprehensive income attributable to:</b>			
Owners of the Company		<b>(9,733.31)</b>	(10,414.65)
Non-controlling interests		<b>(1.22)</b>	0.17
<b>Other comprehensive income for the year</b>		<b>(9,734.53)</b>	(10,414.48)
<b>XII. Total comprehensive income attributable to:</b>			
Owners of the Company		<b>10,814.32</b>	22,014.73
Non-controlling interests		<b>(12.94)</b>	(5.66)
<b>Total comprehensive income for the year</b>		<b>10,801.38</b>	22,009.07
<b>XIII. Earnings per equity share</b>	34		
[Face value of equity share ₹ 1 each (previous year ₹ 1 each)]			
- Basic		<b>4.91</b>	7.75
- Diluted		<b>4.91</b>	7.74
<b>Significant accounting policies</b>	3		
The accompanying notes form an integral part of the Consolidated financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

## Consolidated Statement of Changes in Equity for the year ended 31 March 2020

### A. Equity share capital

Particulars	Note	Number	Amount in ₹ Lakhs Amount
Balance as at 1 April 2018		418,407,867	4,184.08
Changes in equity share capital during the year	17	170,878	1.71
Balance as at 31 March 2019		418,578,745	4,185.79
Changes in equity share capital during the year	17	229,037	2.29
<b>Balance as at 31 March 2020</b>		<b>418,807,782</b>	<b>4,188.08</b>

### B. Other equity

Particulars	Note	Reserves and surplus					Items of Other comprehensive income				Amount in ₹ Lakhs		
		Capital reserve	Securities premium	Debt redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Remeasurement of net defined benefit plan	Currency translation reserve	Equity instruments through other comprehensive income	Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
Balance at 1 April 2018		1,280.50	45,365.53	2,892.83	15,419.94	129.19	53,542.74	(29.01)	(862.55)	19,542.69	137,281.86	(26.42)	137,255.44
Total comprehensive income for the year ended 31 March 2019		-	-	-	-	-	32,429.38	-	-	-	32,429.38	(5.83)	32,423.55
Profit for the year 2018-2019	18	-	-	-	-	-	-	(28.58)	(2,076.77)	(8,309.30)	(10,414.65)	0.17	(10,414.48)
Other comprehensive income for the year 2018-2019		-	-	-	-	-	32,429.38	(28.58)	(2,076.77)	(8,309.30)	22,014.73	(5.66)	22,009.07
Total comprehensive income for the year		-	-	-	-	-	(504.41)	-	-	-	(504.41)	-	(504.41)
Dividends (including corporate dividend tax)	49	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares on exercise of employee stock option	17 and 39	-	39.28	-	-	(39.28)	-	-	-	-	-	-	-
Share based payments-Equity settled	39	-	30.76	-	-	170.36	-	-	-	-	201.12	-	201.12
Transfer to debt redemption reserve	18	-	-	428.56	-	-	(428.56)	-	-	-	-	-	-
Balance at 31 March 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	85,039.15	(57.59)	(2,939.32)	11,233.39	158,993.30	(32.08)	158,961.22

## Consolidated Statement of Changes in Equity for the year ended 31 March 2020 (Contd.)

### B. Other equity (Continued)

Particulars	Note	Reserves and surplus						Items of Other comprehensive income				Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
		Capital reserve	Securities premium	Debt redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Remeasurement of net defined benefit plan	Currency translation reserve	Equity instruments through other comprehensive income	Total			
Balance at 1 April 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	85,039.15	(57.59)	(2,939.32)	11,233.39	158,993.30	(32.08)	158,961.22	
<b>Total comprehensive income for the year ended 31 March 2020</b>		-	-	-	-	-	20,547.63	-	-	-	20,547.63	(11.72)	20,535.91	
Profit for the year 2019-2020	18	-	-	-	-	-	-	(71.11)	708.83	(10,371.03)	(9,733.31)	(1.22)	(9,734.53)	
<b>Total comprehensive income for the year</b>		-	-	-	-	-	20,547.63	(71.11)	708.83	(10,371.03)	10,814.32	(12.94)	10,801.38	
Dividends (including corporate dividend tax)	49	-	-	-	-	-	(756.98)	-	-	-	(756.98)	-	(756.98)	
Issue of equity shares on exercise of employee stock option	17 and 39	-	55.46	-	-	(55.46)	-	-	-	-	-	-	-	
Share based payments-Equity settled	39	-	41.22	-	-	135.46	-	-	-	-	176.68	-	176.68	
Transfer to debenture redemption reserve	18	-	-	214.28	-	-	(214.28)	-	-	-	-	-	-	
<b>Balance at 31 March 2020</b>		1,280.50	45,532.25	3,535.67	15,419.94	340.27	104,615.52	(128.70)	(2,230.49)	862.36	169,227.32	(45.02)	169,182.30	

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

- (i) **Capital reserve:** Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Holding Company's own equity instruments.
- (ii) **Securities premium:** Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- (iii) **Debt redemption reserve (DRR):** The Holding Company is required to create a debenture redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures.

## Consolidated Statement of Changes in Equity for the year ended 31 March 2020 (Contd.)

- (iv) General reserve:** It represents a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.
- (v) Share option outstanding reserve:** The Holding Company has a stock option scheme under which options to subscribe for the Holding Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 39 for further details of these plans.
- (vi) Retained earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to equity shareholders.
- (vii) Remeasurement of defined benefit plan:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Consolidated Statement of Profit and Loss.
- (viii) Currency translation reserve:** This reserve has been created for exchange variation in opening equity share capital and other equity of AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited.
- (ix) Equity instruments through other comprehensive income:** The Group has elected to recognise changes in the fair value of certain investments in equity instruments through other comprehensive income (OCI). These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Group transfers amounts therefrom to retained earnings when the relevant equity instruments are derecognised.

### Significant accounting policies 3

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

*For and on behalf of the Board of Directors of*  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary



## Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>19,414.52</b>	46,213.77
Adjustments for:		
Depreciation and amortisation expense	<b>3,924.38</b>	3,443.44
Share based payments - Equity settled	<b>135.46</b>	170.36
Finance costs	<b>5,491.35</b>	7,105.25
Interest income	<b>(37.99)</b>	(255.28)
Net gain on sale of current investments carried at FVTPL	<b>(10.18)</b>	(4.14)
Bad Debts written off	<b>171.00</b>	-
Provision for loans and advances	<b>314.59</b>	-
Unrealised foreign exchange fluctuation (gain) / losses, net	<b>556.73</b>	(870.97)
Exchange differences in translating financial statements of foreign operations	<b>415.90</b>	(2,076.60)
(Profit) / loss (net) on sale of property, plant and equipments	<b>0.62</b>	(1.67)
<b>Cash generated from operations before working capital changes</b>	<b>10,961.86</b>	7,510.39
<b>Operating cash flows before working capital changes</b>	<b>30,376.38</b>	53,724.16
Movement in working capital:		
Decrease/ (Increase) in inventories	<b>13,798.69</b>	(12,306.09)
Decrease/ (Increase) in trade receivables	<b>6,587.66</b>	(9,475.05)
Decrease/ (Increase) in financial and other assets	<b>9,607.81</b>	(5,424.63)
(Decrease)/ Increase in trade payables	<b>(21,758.96)</b>	30,033.38
Increase in financial liabilities (net)	<b>171.44</b>	224.87
(Decrease)/ Increase in other liabilities and provisions (net)	<b>(7,110.61)</b>	352.02
	<b>1,296.03</b>	3,404.50
<b>Cash generated from operations</b>	<b>31,672.41</b>	57,128.66
Taxes paid	<b>(3,413.89)</b>	(9,546.16)
<b>Net cash generated from operating activities</b>	<b>28,258.52</b>	47,582.50
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipments	<b>(24,671.60)</b>	(20,382.73)
Proceeds from sale of property, plant and equipments	<b>1.43</b>	5.99
Purchase of other intangible assets	<b>(14.10)</b>	(47.75)
Interest income received	<b>51.97</b>	274.45
Sale of current investments	<b>14,411.43</b>	4,604.08
Purchase of current investments	<b>(14,400.00)</b>	(4,600.00)
Redemption of bank deposits (having maturity of more than 3 months)	<b>5,049.02</b>	7,622.16
Investment in bank deposits (having maturity of more than 3 months)	<b>(1,803.43)</b>	(9,898.75)
<b>Net cash (used in) investing activities</b>	<b>(21,375.28)</b>	(22,422.55)
<b>C. Cash flows from financing activities</b>		
Proceeds from allotment of equity share under employee stock options	<b>43.51</b>	32.47
Proceeds from non-current borrowings	<b>193.56</b>	411.89
Repayment of non-current borrowings	<b>(4,702.32)</b>	(6,569.60)
Increase/ (decrease) in current borrowings	<b>6,400.93</b>	(12,470.15)
Interest paid	<b>(5,680.86)</b>	(6,596.55)

## Consolidated Statement of Cash Flows for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Payment of lease liabilities (principal portion)	(80.13)	-
Payment of lease liabilities (interest portion)	(29.74)	-
Net proceeds on settlement of derivative contracts	533.46	(47.35)
Dividend paid (including dividend distribution tax)	(756.98)	(504.41)
<b>Net cash (used in) financing activities</b>	<b>(4,078.57)</b>	<b>(25,743.70)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,804.67</b>	<b>(583.75)</b>
Cash and cash equivalents at the beginning of the year (refer note 9)	1,405.65	1,989.42
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	(7.49)	(0.02)
<b>Cash and cash equivalents at the end of the year (refer note 9)</b>	<b>4,202.83</b>	<b>1,405.65</b>

### Notes:

- Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
- Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
- Changes in liability arising from financing activities

	Amount in ₹ Lakhs				
	1 April 2019	Cash flow (net)	Foreign exchange movement	Fair value changes	31 March 2020
Borrowing (including current maturities of non-current borrowings) - Non-current (refer note 19)	23,480.28	(4,508.76)	58.94	7.95	19,038.41
Borrowing - current (refer note 19)	24,166.72	6,400.93	883.63	-	31,451.28

	Amount in ₹ Lakhs				
	1 April 2018	Cash flow (net)	Foreign exchange movement	Fair value changes	31 March 2019
Borrowing (including current maturities of non-current borrowings) - Non-current (refer note 19)	29,592.90	(6,157.71)	31.86	13.23	23,480.28
Borrowing - current (refer note 19)	36,422.53	(12,470.15)	214.34	-	24,166.72

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary

# Notes to the Consolidated financial statements

## for the year ended 31 March 2020

### 1. Reporting entity

Himadri Speciality Chemical Limited (“the Holding Company” or “the Company”) is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2<sup>nd</sup> floor, Kolkata -700 001. The Holding Company was originally incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Holding Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Holding Company has operations in India and caters to both domestic and international markets. The Holding Company also has wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Ltd, incorporated in China, collectively referred to as “the Group”.

During the current year, one of the wholly owned subsidiary of the Company, Equal Commodeal Private Limited, incorporated in India, has merged with the Holding Company pursuant to the Scheme of Amalgamation (“the Scheme”) approved by the National Company Law Tribunal (“NCLT”) vide order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018 (refer note 50).

### 2. Basis of preparation and measurement of Consolidated financial statements

#### (a) Basis of preparation

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the “Ind AS”) notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (hereinafter referred to as “the Act”), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements were authorised for issue by the Board of Directors of

the Holding Company at their meeting held on 21 July 2020.

The details of the Group’s accounting policies are included in note 3 to the Consolidated financial statements.

#### (b) Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (Rs), which is also the Holding Company’s functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

#### (c) Basis of measurement

The Consolidated financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Employee’s defined benefit plan as per actuarial valuation; and
- (iv) Employee share-based payments measured at fair value

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### (d) Key accounting estimates and judgements

The preparation of the Group’s Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. 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. The changes in the estimates are reflected in the Consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated financial statements.

### **Critical accounting estimates and key sources of estimation uncertainty: Key assumptions**

#### **(i) Useful lives of Property, plant and equipment and Other intangible assets**

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3 (d) and 4A and 6 for details.

#### **(ii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is

measured using certain valuation techniques. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk and credit risk. See note 3(v) and 42 for details.

#### **(iii) Defined benefit plan**

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 38 for details.

#### **(iv) Employee share-based payments**

The Group measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 39.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### **(v) Recognition of current tax and deferred tax (including MAT credit entitlements)**

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and 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. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 33 for details.

### **(vi) Recognition and measurement of provisions and contingencies**

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Group evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal

proceedings and independent legal opinion obtained from the lawyers. See note 24, 35(a) and 43 for details.

### **(vii) Impairment of financial assets**

Certain key assumptions used in estimating recoverable cash flows. The Group reviews its carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 and 42 for details.

### **(viii) Determination of Right of use (ROU) assets and liabilities**

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 35(c) for details.

### **(ix) Loss allowance on trade receivables**

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed.

See note 8, 42 and 43 for details.

### **(e) Measurement of fair values**

Number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities. The Group has an established control framework with respect to the measurement of fair values.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its

entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 42.

### (f) Basis of consolidation

#### (i) Subsidiaries

These Consolidated financial statements are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under Section 133 of the Act.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements are:

Name of the Company	Country of incorporation	31 March 2020 shareholding %	31 March 2019 shareholding %
Equal Commoddeal Private Limited (Wholly owned subsidiary upto 31 March 2018) *	India	-	-
AAT Global Limited	Hong Kong	100%	100%
Shandong Dawn Himadri Chemical Industry Ltd	China	94%	94%

\*Merged with effect from the Appointed Date of 1 April 2018, pursuant to Scheme approved by National Company Law Tribunal vide order it's dated 14 October 2019 (refer note 50).



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

### (iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2020.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

## 3. Significant accounting policies

### (a) Current and non-current classification

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

#### Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### Operating cycle

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

### (b) (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at an average rate which

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Group under Ind AS 101.

### (ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries) including fair value adjustments arising on acquisition, are translated into Rs, the functional currency of the Holding Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rs at the exchange rates at the dates of the transactions or any average rate if the average rate approximately the actual rate at the date of the transaction.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence is lost, the cumulative amount of exchange differences related to that foreign operation recognised in Other comprehensive income ("OCI") is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part

of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to Non-controlling interest ("NCI").

### (c) Financial instruments

#### (i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset/ financial liabilities.

#### (ii) Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)- Equity Investment; or
- fair value through Profit or Loss (FVTPL).

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

##### Financial assets at amortised cost

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

- a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Consolidated Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

### **Financial assets at fair value through Other Comprehensive Income (FVOCI)**

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

Financial assets are measured at the FVOCI if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Group has irrevocably designated its investment in equity instruments (other than investment in subsidiary) as FVOCI on the date of transition to Ind AS.

### **Financial assets at fair value through Profit or Loss (FVTPL)**

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation

for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### *Financial assets: Subsequent measurement and gains and losses*

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

### **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

#### **Financial liabilities through fair value through Profit or Loss (FVTPL)**

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3 (c) (v)

for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Consolidated Statement of Profit and Loss.

#### **Financial liabilities at amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

### (iii) Derecognition

#### Financial assets

The Group derecognises a financial asset:

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

#### Financial liabilities

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

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and

it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Consolidated Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### Cash flow hedges

The Group uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "Financial Instruments: Recognition and Measurement". The use of hedge instruments is governed by the Group's policies approved by the Board of Directors. The Group does not use these contracts for trading or speculative purposes.

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 Other Comprehensive Income (OCI) and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Consolidated Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Consolidated Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Consolidated Statement

of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Consolidated Statement of Profit and Loss. If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Consolidated Statement of Profit and Loss.

### **Derivatives that are not designated as hedge**

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Consolidated Statement of Profit and Loss.

### **(d) Property, plant and equipment**

#### **(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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 directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

An item of property, plant and equipment is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (c) above.

### (ii) 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. Ongoing repairs and maintenance are expensed as incurred.

### (iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

### (iv) Depreciation and amortisation

Depreciation and amortisation for the year

is recognised in the Consolidated Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fittings	10	8-10

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Based on technical assessment done by experts and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

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

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

### (e) Other intangible assets

#### (v) Recognition and measurement

Other intangible assets includes Computer Software 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 loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Group.

#### (vi) 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.

#### (vii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method

over the useful lives of assets based on evaluation. The useful life of such intangible assets of Computer Software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

### (f) Impairment

#### (i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Consolidated Statement of Profit and Loss.

In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 - *Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including subsequent information.

### (ii) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the

Consolidated Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (g) Employee benefits

#### (i) Short-term employee benefits

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

#### (ii) Employee share-based payment transactions

The Group recognises compensation expense relating to share-based payments in Consolidated Statement of Profit and Loss using fair value in accordance with Ind AS 102, *Share Based Payment*.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### (iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting

that amount and deducting the fair value of any plan assets.

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

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

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

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Holding Company. When the benefits of a plan are

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

### (v) Compensated absences

As per policy of the Group, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Group. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

### (h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

- i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated

to other parties that it will accept certain responsibilities; and

- ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

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 Group 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 an obligation or a reliable estimate of the amount cannot be made.

The Group does not recognise a Contingent liability but discloses in the Consolidated financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### (i) Inventories

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

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them 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.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Raw materials 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.

The comparison of cost and net realisable value is made on an item-by-item basis.

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.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

### (j) Revenue recognition

The Group's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Group assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognised when control of goods is transferred to customers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably

measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

### Sale of Power

The Group derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

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 goods will be one year or less.

### (k) Government grants/subsidy

Government grants are recognised in the Consolidated Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment, are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are recognised as an income as and when export obligations are met as specified in EPCG Scheme.

### (l) Recognition of divided income, interest income or expenses

Dividend income is recognised in Consolidated Statement of Profit and Loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest rate (EIR) method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### (m) Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application on 1 April 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the

commencement date, have a lease term of twelve months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The impact of adoption of Ind AS 116 on the Consolidated financial statements of the Group has been described under note 35.

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

### As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Refer Lease note 3(m) of significant accounting policies mentioned in the annual report of the Group for the year ended 31 March 2019, for the policy as per Ind AS 17.

### (i) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

The right of use assets are also subject to impairment [refer to note 3 (f)].

### (ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Lease liabilities are included in Other financial liabilities (see note 23).

### Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve 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 of offices, godowns, equipment, etc. that are of 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.

### As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (n) Income-tax

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

#### (i) 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. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is also recognised in respect of carried forward tax losses and tax credits. 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 – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same

tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

### Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax (“MAT”) under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Holding Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (o) 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 directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### (q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Holding Company.

### (r) Cash and bank balances

Cash and bank balances consist of:

**Cash and cash equivalents** - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

**Other balances with bank**- which includes balances and deposits with banks having

maturity of more than three months but less than 12 months.

### (s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

### (t) Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### (u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Managing Director and Chief Executive Officer to make decisions about resources to be allocated to the segments and assess their performance. The Group has currently two reportable segments: (a) Carbon materials and chemicals; and (b) Power.

### (v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the Consolidated financial statements.

### **(w) Determination of fair values**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **(i) Separable embedded derivative**

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

#### **(ii) Non-derivative financial assets**

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI. Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

#### **(iii) Trade and other receivables**

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition

and, for disclosure purposes, at each annual reporting date.

#### **(iv) Derivative financial liabilities**

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

#### **(v) Other non-derivative financial liabilities**

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

#### **(vi) Employee share-based payment transactions**

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

#### **(x) Standard issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

#### Reconciliation of carrying amount

	Amount in ₹ Lakhs								
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
<b>Owned Assets</b>									
<b>Gross carrying amount</b>									
Balance at 1 April 2018	3,952.81	645.60	11,930.95	144,884.45	820.45	1,065.70	1,874.56	-	165,174.52
Additions during the year	198.46	-	8.61	1,284.07	125.62	443.95	229.93	383.89	2,674.53
Discard/ disposals during the year	-	-	-	(4.03)	-	(10.42)	-	-	(14.45)
Exchange differences on translation of foreign operations	-	(1.84)	(25.18)	3.79	(0.33)	(0.53)	(0.62)	-	(24.71)
<b>Balance at 31 March 2019</b>	<b>4,151.27</b>	<b>643.76</b>	<b>11,914.38</b>	<b>146,168.28</b>	<b>945.74</b>	<b>1,498.70</b>	<b>2,103.87</b>	<b>383.89</b>	<b>167,809.89</b>
Balance at 1 April 2019	4,151.27	643.76	11,914.38	146,168.28	945.74	1,498.70	2,103.87	383.89	167,809.89
Transferred to right of use assets [refer note 4B and 35(c)]	-	(520.23)	-	-	-	-	-	-	(520.23)
Additions during the year	74.74	-	1,000.71	29,314.94	82.66	233.60	69.80	7.56	30,784.01
Discard/ disposals during the year	-	-	-	-	-	(6.85)	(3.59)	-	(10.44)
Exchange differences on translation of foreign operations	-	-	138.51	224.06	1.83	2.92	3.59	-	370.91
<b>Balance at 31 March 2020</b>	<b>4,226.01</b>	<b>123.53</b>	<b>13,053.60</b>	<b>175,707.28</b>	<b>1,030.23</b>	<b>1,728.37</b>	<b>2,173.67</b>	<b>391.45</b>	<b>198,434.14</b>
<b>Accumulated depreciation and amortisation</b>									
Balance at 1 April 2018	-	82.20	2,987.54	41,603.14	587.11	756.98	1,615.39	-	47,632.36
Depreciation/ amortisation for the year	-	19.94	269.89	2,850.72	57.67	97.17	86.48	11.61	3,393.48
Discard/ disposals during the year	-	-	-	(0.24)	-	(9.90)	-	-	(10.14)
Exchange differences on translation of foreign operations	-	(0.35)	(4.53)	(7.02)	(0.20)	(0.41)	(0.58)	-	(13.09)
<b>Balance at 31 March 2019</b>	<b>-</b>	<b>101.79</b>	<b>3,252.90</b>	<b>44,446.60</b>	<b>644.58</b>	<b>843.84</b>	<b>1,701.29</b>	<b>11.61</b>	<b>51,002.61</b>
Balance at 1 April 2019	-	101.79	3,252.90	44,446.60	644.58	843.84	1,701.29	11.61	51,002.61
Transferred to right of use assets [refer note 4B and 35(c)]	-	(97.14)	-	-	-	-	-	-	(97.14)
Depreciation/ amortisation for the year	-	1.55	270.80	2,903.35	75.10	124.28	124.64	72.98	3,572.70
Discard/ disposals during the year	-	-	-	-	-	(6.51)	(1.87)	-	(8.38)
Exchange differences on translation of foreign operations	-	-	27.25	41.80	1.32	2.60	3.27	-	76.24
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>6.20</b>	<b>3,550.95</b>	<b>47,391.75</b>	<b>721.00</b>	<b>964.21</b>	<b>1,827.33</b>	<b>84.59</b>	<b>54,546.03</b>
<b>Net carrying amount</b>									
At 31 March 2019	4,151.27	541.97	8,661.48	101,721.68	301.16	654.86	402.58	372.28	116,807.28
<b>At 31 March 2020</b>	<b>4,226.01</b>	<b>117.33</b>	<b>9,502.65</b>	<b>128,315.53</b>	<b>309.23</b>	<b>764.16</b>	<b>346.34</b>	<b>306.86</b>	<b>143,888.11</b>

#### Notes:

- (a) As at 31 March 2020, Property, plant and equipment with net carrying amount of ₹ 130,964.29 lakhs (31 March 2019: ₹ 105,101.06 lakhs) are subject to first charge to secure borrowings (refer note 19).



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

- (b) Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,764.69 lakhs** (31 March 2019: ₹ 1,569.88 lakhs) and net carrying amount of ₹ **1,067.48 lakhs** (31 March 2019: ₹ 944.64 lakhs). Additions to the Research and development assets during the year 2019-2020 is ₹ **194.81 lakhs** (2018-2019: ₹ 123.87 lakhs).
- (c) Net foreign exchange loss/ (gain) amounting to ₹ **58.94 lakhs** capitalised during the year (2018-2019: ₹ 31.86 lakhs).
- (d) The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 lakhs**, which were transferred to the Holding Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Holding Company (refer note 50).
- (e) For contractual commitment with respect to Property, plant and equipment, refer note 35(b)(I)(i).
- (f) No indicator of impairment were identified during the current year, hence Property, plant and equipment including Capital work-in-Progress were not tested for impairment.

### 4B. Right of use assets

See accounting policies in note 3(f) and 3(m)

	Amount in ₹ Lakhs		
	Land	Buildings	Total
<b>Gross carrying amount</b>			
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	<b>692.57</b>	<b>25.50</b>	<b>718.07</b>
Transferred from Property, plant and equipment [note 4A and 35(c)]	<b>520.23</b>	-	<b>520.23</b>
Reclassified on account of adoption of Ind AS 116 [refer note 4A and 35(c)]	<b>2,404.84</b>	-	<b>2,404.84</b>
Additions during the year	-	<b>129.77</b>	<b>129.77</b>
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	<b>46.44</b>	-	<b>46.44</b>
<b>Balance at 31 March 2020</b>	<b>3,664.08</b>	<b>155.27</b>	<b>3,819.35</b>
<b>Accumulated amortisation</b>			
Balance at 1 April 2019	-	-	-
Transferred from Property, plant and equipment [note 4A and 35(c)]	<b>97.14</b>	-	<b>97.14</b>
Amortisation during the year	<b>272.09</b>	<b>15.81</b>	<b>287.90</b>
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	<b>3.21</b>	-	<b>3.21</b>
<b>Balance at 31 March 2020</b>	<b>372.44</b>	<b>15.81</b>	<b>388.25</b>
<b>Net carrying amount</b>			
At 31 March 2019	-	-	-
<b>At 31 March 2020</b>	<b>3,291.64</b>	<b>139.46</b>	<b>3,431.10</b>

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 5. Capital work-in-progress

See accounting policy in note 3(d)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Balance at the beginning of the year	13,331.29	2,244.44
Additions during the year	32,630.13	12,487.22
Capitalised during the year	(30,133.69)	(1,397.62)
Exchange differences on translation of foreign operations	10.00	(2.75)
Balance at the end of the year	15,837.73	13,331.29

### 6. Other intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

#### Reconciliation of carrying amount of Computer software

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Gross carrying amount</b>		
Balance at the beginning of the year	284.02	236.27
Additions during the year	14.10	47.75
Balance at the end of the year	298.12	284.02
<b>Accumulated amortisation</b>		
Balance at the beginning of the year	50.09	0.13
Amortisation during the year	63.78	49.96
Balance at the end of the year	113.87	50.09
<b>Net carrying amount</b>	184.25	233.93

No indicator of impairment were identified during the current year, hence Other intangible assets were not tested for impairment.

### 7. Investments

See accounting policies in note 3(c)(i) - (iii) and 3(f)(i)

#### A. Non-current investments

*(All the investments are fully paid, unless otherwise stated)*

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Investments carried at fair value through other comprehensive income (FVOCI)</b>		
<b>Equity instruments</b>		
<b>Quoted</b>		
<b>334,900</b> (31 March 2019: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	381.79	1,270.61

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>8,000</b> (31 March 2019: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	1.30	1.90
	<b>383.09</b>	1,272.51
<b>Unquoted</b>		
<b>17,000</b> (31 March 2019: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	1.45	1.51
<b>2</b> (31 March 2019: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)*	1.35	5.31
<b>1</b> (31 March 2019: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)*	0.02	0.06
	<b>2.82</b>	6.88
<b>Preference shares (unquoted)</b>		
<b>1,248,774</b> (31 March 2019: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)*	4,233.59	16,595.02
	<b>4,233.59</b>	16,595.02
<b>Investments carried at fair value through profit or loss (FVTPL)</b>		
<b>Preference shares (unquoted)</b>		
<b>463,702</b> (31 March 2019: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)*	46.37	46.37
	<b>46.37</b>	46.37
<b>Government securities (unquoted) carried at amortised cost</b>		
Kisan Vikas Patra (deposited with sales tax authorities)	0.07	0.07
	<b>4,665.94</b>	17,920.85
Aggregate book value of quoted investments	<b>383.09</b>	1,272.51
Aggregate market value of quoted investments	<b>383.09</b>	1,272.51
Aggregate value of unquoted investments	<b>4,282.85</b>	16,648.34
Investment carried at amortised cost	<b>0.07</b>	0.07
Investment carried at fair value through profit or loss (FVTPL)	<b>46.37</b>	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	<b>4,619.50</b>	17,874.41

\*During the year ended 31 March 2019, pursuant to the National Company Law Tribunal ('NCLT') order dated 1 March 2019 passed between Himadri Dyes & Intermediates Ltd ('HDIL'), Himadri Industries Limited ('HIL'), Himadri Coke & Petro Limited ('HCPL'), Modern Hi-Rise Private Limited ('MHPL') and Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (HIPL), the following new instruments were allotted in lieu of the investments held by the Holding Company:

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Investments already held prior to NCLT order	720,000 equity shares of Himadri Dyes & Intermediates Limited of face value of ₹ 10 each
Fair value as at 31 March 2018	₹ 12,109.68 lakhs
Investments allotted as per NCLT order	- One equity share of MHPL ('Issuer') of face value of ₹ 10 each; and - 864,000 1% Non-cumulative optionally convertible preference shares of face value of ₹ 10 each of MHPL
Fair value as at 31 March 2019	₹ 11,484.35 lakhs
Terms of OCPS	- OCPS are convertible/ redeemable at any time before the expiry of 20 years from the date of allotment at the option of the Issuer. - Each OCPS, if not opted for conversion shall be redeemable at value equal to fair market value (post considering the market value of underlying assets) of the proportionate equity shares of the Issuer (if it were converted) as on 1 June 2018 (i.e. amalgamation appointed dated). - The outstanding OCPS, if not redeemed, would be converted into equity shares at any time at the option of the Issuer, but not later than 20 years from the date of allotment at the option of the Issuer in a manner that the Holding Company would obtain same proportion of equity shareholding (ownership) of the Issuer as on 1 June 2018 i.e. 7.7% of the total outstanding as on 1 June 2018 and would be subject to any dilution thereof pursuant to fresh allotment by MHPL. In that case conversion is made by the Issuer, the OCPS will be converted into 6,253 equity shares (i.e. fixed number of equity shares) whenever converted.
Investments already held prior to NCLT order	493,000 equity shares of Himadri Industries Limited of face value of ₹ 10 each
Fair value as at 31 March 2018	₹ 9,419.07 lakhs
Investments allotted as per NCLT order	- One equity share of MHPL of face value of ₹ 10 each. - One equity share of HIPL of face value of ₹ 10 each. - 384,774 1% Non-cumulative optionally convertible preference shares of face value of ₹ 10 each of MHPL. - 463,702 1% Non-cumulative, non-convertible redeemable preference shares (RPS) of face value of ₹ 10 each of HIPL.
Fair value as at 31 March 2019	₹ 5,162.41 lakhs
Terms of RPS	- RPS are non-convertible, non-cumulative and redeemable in nature. - Dividend shall be payable annually and shall be non-cumulative. - Each RPS redeemable at par at any time before the expiry of the 20 years from the date of allotment.

Information about the Group's fair value measurement and exposure to credit and market risks are disclosed in note 42 and 43.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### B. Current investments

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Mutual funds (quoted) carried at fair value through profit or loss</b>		
<b>Nil</b> (31 March 2019: 39.129) units of UTI-Ultra short term fund-direct-growth plan (formerly UTI-Floating rate fund-direct-growth plan)	-	1.23
	-	1.23
Aggregate book value of quoted investments	-	1.23
Aggregate market value of quoted investments	-	1.23

Information about the Group's fair value measurement and exposure to credit and market risks are disclosed in note 42 and 43.

### C. Investments designated at fair value

	Amount in ₹ Lakhs				
	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2020	2019-2020	31 March 2019	2018-2019	1 April 2018
<b>Fair value through other comprehensive income</b>					
<b>Equity shares</b>					
Investment in Himadri Credit & Finance Limited	381.79	-	1,270.61	-	5,790.09
Investment in Transchem Limited	1.30	-	1.90	-	2.60
Investment in Modern Hi-Rise Private Limited	1.35	-	5.31	-	-
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	0.02	-	0.06	-	-
Investment in Himadri Dyes & Intermediates Limited	-	-	-	-	12,109.68
Investment in Himadri e-Carbon Limited	1.45	-	1.51	-	1.52
Investment in Himadri Industries Limited	-	-	-	-	9,419.07
<b>Preference shares</b>					
Investment in Modern Hi-Rise Private Limited	4,233.59	-	16,595.02	-	-
<b>Fair value through profit or loss (FVTPL)</b>					
<b>Preference shares</b>					

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2020	2019-2020	31 March 2019	2018-2019	1 April 2018
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	46.37	-	46.37	-	-
	<b>4,665.87</b>	-	17,920.78	-	27,322.96

### 8. Trade receivables

See accounting policy in note 3(c) (i)-(ii) and (f) (i)

Amount in ₹ Lakhs

	31 March 2020	31 March 2019
Trade receivable considered good - secured	1,695.92	1,371.86
Trade receivable considered good - unsecured	29,467.69	36,451.00
	<b>31,163.61</b>	37,822.86
Less: Loss allowance	(417.01)	(417.01)
	<b>30,746.60</b>	37,405.85
<b>Non-current</b>	<b>788.90</b>	792.65
<b>Current</b>	<b>29,957.70</b>	36,613.20
	<b>30,746.60</b>	37,405.85
(a) Movement in loss allowance		
Balance as at beginning of the year	417.01	417.01
Change in loss for allowance during the year	-	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	<b>417.01</b>	417.01

(b) For trade receivables, secured against borrowings, refer note 19.

(c) Non-current trade receivables represent an amount of ₹ **788.90 lakhs** (31 March 2019: ₹ 792.65 lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

(d) No trade receivables are due from directors of the Group either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(e) Information about the Group's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 43.



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 9. Cash and cash equivalents

See accounting policy in note 3(r)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Cash on hand	80.44	25.93
Balances with banks		
- On current accounts	3,320.88	1,326.29
- On EEFC accounts	797.42	45.71
- On deposit account (with original maturities less than 3 months)	4.09	7.72
	<b>4,202.83</b>	1,405.65

Bank deposits of ₹ **4.09 lakhs** (31 March 2019: ₹ 7.72 lakhs) have been pledged with the banks against various credit facilities availed by the Group.

The Company has not entered into any non cash investing and financing activities.

### 10. Bank balances other than cash and cash equivalents

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	425.10	590.15
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	27.81	28.19
- Others deposits [refer note (b) below]	0.27	3,086.27
	<b>453.18</b>	3,704.61

(a) Bank deposits of ₹ **425.10 lakhs** (31 March 2019: ₹ 590.15 lakhs) have been pledged with various banks against various credit facilities availed by the Holding Company.

(b) Earmarked balances with banks of ₹ **0.27 lakhs** (31 March 2019: ₹ 3,086.27 lakhs) is held as security against various credit facilities availed by the Holding Company.

### 11. Loans

See accounting policy in note 3(c) (i) - (ii) and 3(f) (i)

*(Unsecured and considered good, unless otherwise stated)*

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Security and other deposits	1,947.92	1,890.88
Loan to employees	100.00	85.69
	<b>2,047.92</b>	1,976.57
<b>Current</b>		
Security and other deposits	123.82	72.36
Loan to employees	145.42	167.25

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>To related party -</b>		
Loan to employees (including interest receivable) (refer note 40)*	79.26	-
	<b>348.50</b>	239.61
	<b>2,396.42</b>	2,216.18
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	2,396.42	2,216.18
Loan receivables which have significant increase in credit risk	-	-
Loan receivables - credit impaired	-	-
	<b>2,396.42</b>	2,216.18

Information about the Group's exposure to credit and market risks are disclosed in note 43.

\*Loan to employees include ₹ 79.26 lakhs due from a KMP of the Holding Company. Maximum balance outstanding during the year is ₹ 79.26 lakhs (31 March 2019: Nil)

### 12. Other financial assets

See accounting policy in note 3(c) (i) - (ii) and 3(f) (i)

*(Unsecured and considered good, unless otherwise stated)*

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Bank deposits due to mature after 12 months of the reporting date	9.92	4.46
Interest accrued on bank deposits	0.14	0.26
	<b>10.06</b>	4.72
<b>Current</b>		
<b>Receivable from parties other than related parties</b>		
Interest accrued on bank deposits	2.72	16.58
Insurance claim receivable	7.94	-
Income tax refundable	-	454.24
Export incentive receivable	0.92	4.86
Government grants receivable	557.06	557.06
	<b>568.64</b>	1,032.74
	<b>578.70</b>	1,037.46

Bank deposits of ₹ 9.92 lakhs (31 March 2019: ₹ 4.46 lakhs) have been pledged with various banks against various credit facilities availed by the Group.

Information about the Group's exposure to credit and market risks are disclosed in note 43.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 13. Non-current tax assets (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Advance income tax	224.03	160.01
[net of provision for income tax ₹ 23,409.21 lakhs (31 March 2019: ₹ 14,312.29 lakhs)]		
	<b>224.03</b>	160.01

### 14. Other non-current assets

(Unsecured, considered good)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Capital advances		
To a related party (refer note 40)	204.15	-
Other than related party	355.06	9,216.90
Deposits with government authorities (Custom, excise etc.)	843.93	843.42
Prepaid expenses	116.65	2,395.60
	<b>1,519.79</b>	12,455.92

### 15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Raw materials [including goods-in-transit ₹ 7,875.38 lakhs (31 March 2019: ₹ 1,104.19 lakhs)]	16,470.16	26,001.51
Work-in-progress	10,153.11	7,671.46
Finished goods	9,425.86	16,874.88
Packing materials	713.16	545.44
Stores and spares	3,756.81	3,224.50
	<b>40,519.10</b>	54,317.79

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

### 16. Other current assets

(Unsecured considered good unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Parties other than related parties</b>		
<b>Advances to suppliers</b>		
Unsecured, considered good	6,524.98	14,760.35
Unsecured, considered doubtful	216.75	46.76
	<b>6,741.73</b>	14,807.11
Less: Allowances for unsecured advances [refer note (a) below]	(216.75)	(46.76)
	<b>6,524.98</b>	14,760.35

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Others</b>		
Balance with government authorities	693.99	2,509.60
Others (prepaid expenses and other receivables)	375.52	522.12
	<b>7,594.49</b>	17,792.07
(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	46.76	46.76
Changes in allowances for unsecured advances during the year	169.99	-
Advances written off during the year	-	-
Balance as at the end of the year	<b>216.75</b>	46.76

(b) Advances to suppliers includes ₹ **833.93 lakhs** (31 March 2019: ₹ 1,086.76 lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

### 17. Equity share capital

See accounting policy in note 3(p)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Authorised*</b>		
<b>700,100,000</b> (31 March 2019: 700,000,000) equity shares of ₹ 1 each	<b>7,001.00</b>	7,000.00
<b>Issued, subscribed and fully paid-up</b>		
<b>418,807,782</b> (31 March 2019: 418,578,745) equity shares of ₹ 1 each	<b>4,188.08</b>	4,185.79
	<b>4,188.08</b>	4,185.79

\* Pursuant to the merger of Equal Commoddeal Private Limited with the Holding Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 lakh of Equal Commoddeal Private Limited, stands transfer to authorised equity share capital of the Holding Company (refer note 50).

### A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
At the beginning of the year	418,578,745	4,185.79	418,407,867	4,184.08
Add: Equity shares issued during the year (refer note 39)	229,037	2.29	170,878	1.71
At the end of the year	<b>418,807,782</b>	<b>4,188.08</b>	418,578,745	4,185.79

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### B. Rights, preferences and restrictions attached to equity shares

The Holding Company has a single class of equity shares with par value of Re 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Holding Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Holding Company.

On winding up of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

### C. Equity shares held by upstream associates (shareholders of the Holding Company) having significant influence over the Holding Company

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Modern Hi-Rise Private Limited	182,599,607	1,826.00	182,599,607	1,826.00
BC India Investments	103,178,860	1,031.79	103,178,860	1,031.79

### D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Holding Company

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	% of total shares in the class	Number	% of total shares in the class
<b>Equity shares of ₹ 1 each fully paid up held by:</b>				
Modern Hi-Rise Private Limited	182,599,607	43.60%	182,599,607	43.62%
BC India Investments	103,178,860	24.64%	103,178,860	24.65%

### E. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): 1,997,855 (31 March 2019: 2,258,522) equity shares of ₹ 1 each (refer note 39)	1,997,855	19.98	2,258,522	22.59

Information of stock options granted to employees are disclosed in note 39 regarding share based payments.

### F. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of Re 1 each were allotted by the Holding Company as fully paid up equity shares pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of Re 1 each at a price of ₹ 19 per equity share (including at a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited\*, a related party, on preferential basis for consideration other than cash.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 18. Other equity

Refer Consolidated statement of changes in equity for detailed movement in other equity balance.

#### A. Movement in other equity balance

Amount in ₹ Lakhs					
Components	1 April 2018	Movement during the year	31 March 2019	Movement during the year	31 March 2020
Capital reserve	1,280.50	-	1,280.50	-	1,280.50
Securities premium	45,365.53	70.04	45,435.57	96.68	45,532.25
Debenture redemption reserve	2,892.83	428.56	3,321.39	214.28	3,535.67
General reserve	15,419.94	-	15,419.94	-	15,419.94
Share option outstanding reserve	129.19	131.08	260.27	80.00	340.27
Retained earnings	53,542.74	31,496.41	85,039.15	19,576.37	104,615.52
Items of other comprehensive income:					
- Remeasurement of defined benefit plan	(29.01)	(28.58)	(57.59)	(71.11)	(128.70)
- Currency translation reserve	(862.55)	(2,076.77)	(2,939.32)	708.83	(2,230.49)
- Equity instruments through Other Comprehensive income	19,542.69	(8,309.30)	11,233.39	(10,371.03)	862.36
	137,281.86	21,711.44	158,993.30	10,234.02	169,227.32

#### B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

Amount in ₹ Lakhs				
	Remeasurement of defined benefit liability/ (asset)	Currency translation reserve	Equity instruments through other comprehensive income	Total other comprehensive income
As at 1 April 2018	(29.01)	(862.55)	19,542.69	18,651.13
Remeasurements of defined benefit plan	(43.85)	-	-	(43.85)
Equity instruments through other comprehensive income - net change in fair value	-	-	(9,402.15)	(9,402.15)
Exchange differences in translating financial statements of foreign operations		(2,076.60)		(2,076.60)
Tax on above items	15.27	-	1,092.85	1,108.12
As at 31 March 2019	(57.59)	(2,939.15)	11,233.39	8,236.65
Remeasurements of defined benefit plan	(109.31)	-	-	(109.31)
Equity instruments through other comprehensive income - net change in fair value	-	-	(13,254.89)	(13,254.89)
Exchange differences in translating financial statements of foreign operations	-	707.61	-	707.61
Tax on above items	38.20	-	2,883.86	2,922.06
<b>As at 31 March 2020</b>	<b>(128.70)</b>	<b>(2,231.54)</b>	<b>862.36</b>	<b>(1,497.88)</b>



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iii)

		Amount in ₹ Lakhs		
	Interest	Maturity	31 March 2020	31 March 2019
<b>Non-current borrowings</b>				
<b>Secured</b>				
<b>500</b> (31 March 2019: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	<b>5,000.00</b>	5,000.00
<b>2,500,000</b> (31 March 2019: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	<b>10,000.00</b>	10,000.00
			<b>15,000.00</b>	15,000.00
<b>Term loans</b>				
<b>Rupee term loan (secured)</b>				
	refer note (b) below			
From banks			<b>3,308.44</b>	7,232.49
<b>Foreign currency loans (secured)</b>				
	refer note (b) below			
From banks			<b>299.43</b>	807.10
			<b>3,607.87</b>	8,039.59
Loan against vehicles and equipments (secured)	8.3%-9.8%	2020-2023	<b>430.54</b>	440.69
			<b>19,038.41</b>	23,480.28
Less: Current maturities of non-current borrowings (refer note 22)			<b>(16,793.99)</b>	(4,652.45)
			<b>2,244.42</b>	18,827.83
<b>Current borrowings</b>				
<b>Secured</b>				
<b>From banks (repayable on demand)</b>				
Rupee loans			<b>15,853.68</b>	3,175.35
Foreign currency loans			<b>10,597.60</b>	1,428.38
			<b>26,451.28</b>	4,603.73
<b>Unsecured</b>				
<b>From banks (repayable on demand)</b>				
Rupee loans			-	6,863.58
Foreign currency loans			-	2,699.41
<b>From others</b>				
Commercial paper			<b>5,000.00</b>	10,000.00
			<b>31,451.28</b>	24,166.72

Information about the Group's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 42 and 43.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### A. Terms of repayment/ conversion/ redemption

#### (a) Debentures

- (i) The Holding Company, on 29 October 2013, had issued 500 12.50% Redeemable non-convertible debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (ii) The Holding Company, on 24 August 2010, had issued 2,500,000 10% Redeemable non-convertible debentures of face value of ₹ 400 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

#### (b) Term loans

Name of the lender	Interest	Repayment schedule	Amount in ₹ Lakhs	
			31 March 2020	31 March 2019
<b>(i) Rupee term loans</b>				
Axis Bank Limited [₹ 1,670.00 lakhs (31 March 2019: ₹ 5,002.00 lakhs)]	6 Month MCLR + 0.20%	Repayable at quarterly rest: 10 of ₹ 167.00	1,660.01	4,985.32
IDFC First Bank [₹ 1,650.00 lakhs (31 March 2019: ₹ 2,250.00 lakhs)]	12 Month MCLR + 0.15%	Repayable at quarterly rest: 11 of ₹ 150.00	1,648.43	2,247.17
<b>(ii) Foreign currency loans</b>				
ICICI Bank Limited [JPY 430.56 lakhs (31 March 2019: JPY 1,291.67 lakhs)]	6 Month JPY Libor + 2.00%	JPY 430.56 - repayable in 1 half yearly rest	299.43	807.10

- (iii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

### B. Details of security

- (i) 12.50% and 10% Redeemable non-convertible debentures issued to Life Insurance Corporation of India, aggregating to ₹ 15,000.00 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist - Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable Property, plant and equipment of the Holding Company in favour of Axis Trustee Services Limited, being the trustee of the debenture holders.
- (ii) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.
- Rupee term loans from IDFC First Bank Limited (earlier known as IDFC Bank Limited) is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of movable Property, plant and equipment situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit on pari passu basis with other lenders.
- (iii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable Property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

- (iv) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.
- (v) Rupee loan comprises of cash credits and working capital borrowings. Current borrowings from banks aggregating to ₹ **26,451.28 lakhs** (31 March 2019: ₹ 4,603.73 lakhs) are secured by hypothecation of current assets of the Holding Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **12,696.71 lakhs** (31 March 2019: ₹ 1,143.05 lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Holding Company.

### 20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 47)	1.58	141.74
- total outstanding dues of creditors other than micro enterprises and small enterprises	7,248.60	7,789.44
(b) Acceptances	15,690.05	36,120.53
	<b>22,940.23</b>	44,051.71
<b>Non-current</b>	-	-
<b>Current</b>	<b>22,940.23</b>	44,051.71
	<b>22,940.23</b>	44,051.71

Information about the Group's exposure to currency and liquidity risks related to trade payables are disclosed in note 43.

### 21. Derivatives

See accounting policy in note 3(c)(v)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Foreign exchange forward/ interest rate swap contracts	175.88	604.91
	<b>175.88</b>	604.91
<b>Non-current</b>	-	376.86
<b>Current</b>	<b>175.88</b>	228.05
	<b>175.88</b>	604.91

Information about the Group's exposure to interest rate and currency risks related to derivatives are disclosed in note 43.

### 22. Other financial liabilities

See accounting policy in note 3(c) (i) - (ii)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Security deposits	25.77	25.77
Lease liabilities [refer note 35(c)]	667.45	-
	<b>693.22</b>	25.77

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Current</b>		
Current maturities of non-current borrowings (refer note 19)	16,793.99	4,652.45
Interest accrued but not due on borrowings	580.55	792.86
Unclaimed dividend	27.81	28.19
Liability for capital goods	463.59	855.55
Lease liabilities [refer note 35(c)]	135.72	-
Others (including Employee benefits expense and Security deposits)	592.73	421.29
	<b>18,594.39</b>	<b>6,750.34</b>

(a) There are no amount due and outstanding to be credited by the Holding Company to Investor Education and Protection under Section 125 of the Companies Act, 2013 as at 31 March 2020 (31 March 2019 - ₹ Nil).

(b) Information about the Group's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 43.

### 23. Other current liabilities

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	571.54	1,916.92
Advance from customers	476.23	5,905.18
	<b>1,047.77</b>	<b>7,822.10</b>

### 24. Provisions

See accounting policies in note 3(g) and (h)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Non-current</b>		
Net defined benefit liability - Gratuity (refer note 38)	373.31	216.83
Provision for litigation [refer note (a) below]	78.42	78.42
	<b>451.73</b>	<b>295.25</b>
<b>Current</b>		
Liability for compensated absences [refer note (a) below]	76.97	54.92
	<b>76.97</b>	<b>54.92</b>

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (a) Movement of provisions (Non-current and current)

	Amount in ₹ Lakhs	
	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2018	40.24	78.42
Add: Provisions made during the year 2018-19	58.31	-
Less: Amount utilised/ reversed during the year 2018-19	(43.63)	-
Balance as at 31 March 2019	54.92	78.42
Add: Provisions made during the year 2019-20	<b>80.11</b>	-
Less: Amount utilised/ reversed during the year 2019-20	<b>(58.06)</b>	-
<b>Balance as at 31 March 2020</b>	<b>76.97</b>	<b>78.42</b>

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Group as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

### 25. Current tax liabilities (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Income-tax liabilities	-	333.62
[net of advance tax ₹ Nil (31 March 2019: ₹ 9,348.50 lakhs)]		
	-	333.62

### 26. Revenue from operations

See accounting policies in note 3(j) and (k)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	<b>179,367.21</b>	242,234.09
Other operating income		
- Export incentive	<b>1,212.82</b>	4.57
<b>Total revenue from operations</b>	<b>180,580.03</b>	242,238.66

- (i) Sales are net of price adjustments settled during the year by the Group, discounts and Goods and Services tax (GST) etc.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Revenue disaggregation is as follows:

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Disaggregation of goods</b>		
- Carbon materials and chemicals	178,128.14	240,348.06
- Power	1,239.07	1,886.03
	<b>179,367.21</b>	242,234.09
<b>(b) Disaggregation based on geography</b>		
India	164,579.69	210,326.26
Outside India	14,787.52	31,907.83
	<b>179,367.21</b>	242,234.09
Geographical location is based on the location of customers excluding export incentives		
<b>(c) Reconciliation of Revenue from sale of products with the contracted price</b>		
Contracted price	179,274.65	235,821.93
Add: Adjustment for variable consideration	92.56	6,412.16
	<b>179,367.21</b>	242,234.09
<b>(d) Information about major customers (refer note 43)</b>		
<b>(e) Contract balances</b>		
Trade receivables (refer note 8)	30,746.60	37,405.85
	<b>30,746.60</b>	37,405.85

### 27. Other income

See accounting policies in note 3(l)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest income under the effective interest method on:		
- Interest on bank deposits	37.99	139.21
- Income from a related party (refer note 40):		
- Others	4.26	-
- Unwinding of discount on security deposits and others	158.58	144.08
Interest income on income tax refunds	-	116.07
Gain on sale proceeds of current investments measured at fair value through profit or loss	10.18	4.14
Insurance claims	60.75	177.16
Net gain on sale of property, plant and equipment	-	1.67
Rental income (refer note 40)	42.00	-
Miscellaneous income	484.74	194.19
	<b>798.50</b>	776.52



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 28. Cost of materials consumed

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	26,001.51	15,454.06
Add: Purchases during the year	119,973.84	172,306.94
	<b>145,975.35</b>	187,761.00
Less: Inventory of raw materials at the end of the year	<b>(16,470.16)</b>	(26,001.51)
Less: Material captively consumed in capital projects	<b>(2,165.14)</b>	-
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	<b>2.98</b>	(0.59)
Cost of materials consumed	<b>127,343.03</b>	161,758.90

### 29. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening inventories</b>		
Finished goods	16,874.88	14,017.92
Work-in-progress	7,671.46	8,811.51
	<b>24,546.34</b>	22,829.43
<b>Closing inventories</b>		
Finished goods	9,425.86	16,874.88
Work-in-progress	10,153.11	7,671.46
	<b>19,578.97</b>	24,546.34
Less: Material captively consumed in capital projects	<b>(3,429.60)</b>	-
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	<b>421.40</b>	(1.36)
Change in inventories of finished goods and work-in-progress	<b>(4,963.76)</b>	(1,718.27)

### 30. Employee benefits expense

See accounting policy in note 3(g)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	6,444.18	5,070.27
Contribution to provident and other funds	300.09	211.93
Defined benefit plan expenses - Gratuity (refer note 38)	55.49	40.02
Share based payments to employees - Equity settled (refer note 39)	135.46	170.36
Staff welfare expenses	498.12	463.59
	<b>7,433.34</b>	5,956.17

Salaries, wages and bonus includes ₹ 349.02 lakhs (31 March 2019: ₹ 284.22 lakhs) relating to outsource manpower cost.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 31. Finance costs

See accounting policy in note 3(o)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	5,176.45	6,418.41
Exchange difference regarded as an adjustment to borrowing costs	325.47	401.67
Other borrowing costs (including interest on income tax)	318.66	516.95
Interest cost on lease liability [refer note 35(c)]	11.13	-
	<b>5,831.71</b>	7,337.03
Less: Interest capitalised during the year (refer note 5)	<b>(340.36)</b>	(231.78)
	<b>5,491.35</b>	7,105.25

### 32. Other expenses

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spares	344.12	349.66
Power and fuel	1,175.59	1,199.13
Rent	384.72	538.65
Rates and taxes	174.66	183.11
Repairs to:		
- Building	39.98	46.06
- Plant and equipment	1,771.89	1,913.28
- Others	447.97	418.68
Payment to auditors'	93.97	76.05
Insurance	257.00	200.82
Provision for loans and advances	169.99	-
Loans and advances written off	144.60	-
Bad debts written off	171.00	-
Packing expenses	1,624.56	1,649.30
Freight and forwarding expenses	8,759.77	8,013.65
Commission on sales	1,116.04	1,095.52
Net foreign exchange loss	1,414.73	268.55
Expenditure on corporate social responsibility [refer note (a) below]	113.68	117.67
Miscellaneous expenses	4,531.40	4,185.79
	<b>22,735.67</b>	20,255.92

#### (a) Details of expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Holding Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Holding Company under the Act.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Amount required to be spent by the Holding Company during the year	627.41	329.65
(b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	113.68	117.67
	<b>113.68</b>	117.67

The Holding Company does not carry any provision for corporate social responsibility expenses for current year and previous year.

### 33. Income tax

See accounting policy in note 3(n)

#### A. Reconciliation of effective tax rate

	Amount in ₹ Lakhs			
	Year ended 31 March 2020		Year ended 31 March 2019	
	Percentage	Amount	Percentage	Amount
Profit before tax		19,414.52		46,213.77
Statutory income-tax rate	34.94%	6,784.21	34.94%	16,148.94
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes"	(36.06%)	(7,000.00)	0.00%	-
Non - deductible expenses for tax purposes	2.47%	479.99	0.14%	65.71
Tax exempt income/ additional deduction as per income-tax	(10.70%)	(2,076.61)	(5.39%)	(2,491.00)
Effect of lower jurisdiction tax rate	0.00%	-	(0.08%)	(38.21)
Impact of tax on loss components	0.65%	125.98	(0.20%)	(93.41)
Changes in tax rate	0.00%	-	0.44%	202.90
Others [refer note (a) below]	0.00%	565.04	(0.01%)	(4.71)
	<b>(8.69%)</b>	<b>(1,121.39)</b>	29.85%	13,790.22
Amount recognised in profit or loss				
- Current tax		3,470.49		9,683.00
- Deferred tax		(4,591.88)		4,107.22
Total tax expenses		<b>(1,121.39)</b>		13,790.22

#### B. Movement in deferred tax assets and liabilities

	Amount in ₹ Lakhs			
	Balance as on 1 April 2018	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2019
Movement during the year ended 31 March 2019				
Deferred tax (assets)/liabilities:				
Property, plant and equipment	21,957.82	1,379.22	-	23,337.04
Trade receivables	(147.81)	(1.40)	-	(149.21)
Loans	(49.51)	-	-	(49.51)
Other assets	(16.18)	(0.16)	-	(16.34)

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

Movement during the year ended 31 March 2019	Balance as on 1 April 2018	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2019
Borrowings	(193.09)	-	-	(193.09)
Other financial liabilities	(548.43)	50.00	-	(498.43)
Share based payments- Equity-settled	(37.38)	6.48	-	(30.90)
Provisions	(103.69)	0.48	(15.27)	(118.48)
MAT credit entitlement	(15,462.90)	2,678.03	-	(12,784.87)
Gain/ loss on fair valuation of Investments in equity instruments	4,871.62	-	(1,092.85)	3,778.77
Tax losses carried forward	(559.61)	(5.43)	-	(565.04)
Net deferred tax liabilities	9,710.84	4,107.22	(1,108.12)	12,709.94

Amount in ₹ Lakhs

Movement during the year ended 31 March 2020	Balance as on 1 April 2019	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2020
Deferred tax (assets)/liabilities:				
Property, plant and equipment	<b>23,337.04</b>	<b>(4,089.26)</b>	-	<b>19,247.78</b>
Trade receivables	<b>(149.21)</b>	<b>0.28</b>	-	<b>(148.93)</b>
Right of use assets	-	<b>926.39</b>	-	<b>926.39</b>
Loans	<b>(49.51)</b>	<b>(920.27)</b>	-	<b>(969.78)</b>
Other financial assets	-	<b>(1.83)</b>	-	<b>(1.83)</b>
Other assets	<b>(16.34)</b>	<b>(1.97)</b>	-	<b>(18.31)</b>
Borrowings	<b>(193.09)</b>	<b>193.76</b>	-	<b>0.67</b>
Other liabilities	-	<b>(80.17)</b>	-	<b>(80.17)</b>
Other financial liabilities	<b>(498.43)</b>	<b>436.97</b>	-	<b>(61.46)</b>
Share based payments- Equity-settled	<b>(30.90)</b>	<b>(88.00)</b>	-	<b>(118.90)</b>
Provisions	<b>(118.48)</b>	<b>(1.12)</b>	<b>(38.20)</b>	<b>(157.80)</b>
MAT credit entitlement	<b>(12,784.87)</b>	<b>(1,531.70)</b>	-	<b>(14,316.57)</b>
Gain/ loss on fair valuation of Investments in equity instruments	<b>3,778.77</b>	-	<b>(2,883.86)</b>	<b>894.91</b>
Tax losses carried forward	<b>(565.04)</b>	<b>565.04</b>	-	-
Net deferred tax liabilities	<b>12,709.94</b>	<b>(4,591.88)</b>	<b>(2,922.06)</b>	<b>5,196.00</b>

- a) Deferred tax assets is not recognised on capital loss due to lack of reasonable certainty.
- b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.
- c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ('MAT'). However, the Holding Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 "Income Taxes" and thus, reversal of net deferred tax liability of ₹ **7,000.00 lakhs** has been recognised during the current year.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 34. Earnings per share (EPS)

See accounting policy in note 3(t)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Basic earnings per share</b>		
(i) Profit for the year, attributable to the equity share holders of the Group	20,547.63	32,429.38
(ii) Weighted average number of equity shares (basic) (number)	418,647,591	418,441,574
<b>Basic earnings per share [(i)/ (ii)]</b>	<b>4.91</b>	7.75
<b>B. Diluted earnings per share</b>		
(i) Weighted average number of equity shares (basic) (number)	418,647,591	418,441,574
(ii) Effect of dilutive potential equity shares on account of employee stock options (number)	-	435,365
(iii) Weighted average number of equity shares (diluted) for the year (i+ii)	418,647,591	418,876,939
<b>Diluted earnings per share [(A) (i)/ (B) (iii)]</b>	<b>4.91</b>	7.74

### 35. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

#### (a) Contingent liabilities

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<i>Claim against the Group not acknowledged as debts</i>		
Sales tax/VAT matters in dispute/ under appeal	5,437.80	5,366.50
Excise/ Service Tax matters in dispute/under appeal	2,093.25	3,008.07
Custom duty matter in dispute/ under appeal	28.83	491.76
Entry tax in dispute/ under appeal - West Bengal	5,028.82	4,681.07
Entry tax in dispute/ under appeal - Chhattisgarh	478.89	478.93
Income tax in dispute/ under appeal	3,413.28	3,360.17
Others [refer note (iii) below]	266.71	266.71

#### Note:

- (i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (ii) The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the Holding Company, there is a strong merit of the case. Hence, the Holding Company has not made provision for entry tax liability in the books for the current year and for the earlier years.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

(iii) Others represents dispute with a lessor in respect of arrear dues. The Holding Company based on independent legal opinion, does not foresee any significant financial liability on this accounts.

### (b) Commitments

#### (I) Capital and other commitments

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advances)	3,122.72	14,596.38

### (c) Leases (Ind AS 116)

See accounting policy in note 3(m)

The Group has adopted Ind AS 116 "Leases" with the date of initial application being 1 April 2019, using the modified retrospective method. On transition to Ind AS 116, Right of use assets as at 1 April 2019 for lease previously classified as operating lease were recognised and measured at an amount equal to lease liabilities. Accordingly, previous year information has not been restated.

Particulars	Amount in ₹ Lakhs	
	Amount	
Lease commitments as at 31 March 2019	-	
Lease commitments as at 1 April 2019	123.04	
Add: Contracts reassessed as lease contracts under Ind AS 116	646.73	
Less: Adjustments on account of extension/termination/time value	(51.70)	
Lease liabilities as on 1 April 2019	<b>718.07</b>	

The Group has recognised as on 1 April 2019, Right of use assets amounting to ₹ **718.07 lakhs** and lease liabilities amounting to ₹ **718.07 lakhs**.

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

Particulars	Amount in ₹ Lakhs	
	Amount	
Increase in lease liability	<b>(718.07)</b>	
Increase in right of use assets	<b>718.07</b>	

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

Particulars	Amount in ₹ Lakhs		
	Land	Buildings	Amount
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	692.57	25.50	718.07
Transferred from Property, plant and equipment (refer note 4A and 4B)	423.09	-	423.09
Reclassified on account of adoption of Ind AS 116	2,404.84	-	2,404.84
Addition during the year	-	129.77	129.77
Amortisation during the year	(272.09)	(15.81)	(287.90)
Exchange differences on translation of foreign operations	43.23	-	43.23
<b>Balance at 31 March 2020</b>	<b>3,291.64</b>	<b>139.46</b>	<b>3,431.10</b>



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### Movement in lease liabilities

Particulars	Amount in ₹ Lakhs
	Amount
Balance as at 1 April 2019	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	718.07
Additions during the year	129.77
Finance cost accrued during the year (refer note no 31)	29.74
Payment of lease liabilities during the year (including interest)	(109.87)
Exchange differences on translation of foreign operations	35.46
<b>Balance as at 31 March 2020</b>	<b>803.17</b>
Lease liabilities - Non-current (refer note 22)	667.45
Lease liabilities - Current (refer note 22)	135.72

### Maturity analysis of lease liabilities

Maturity analysis - contractual undiscounted cash flows	Amount in ₹ Lakhs
	As at 31 March 2020
Less than one year	135.72
One to five years	506.82
More than five years	332.38
<b>Total undiscounted lease liabilities as at 31 March 2020</b>	<b>974.92</b>

### Amount recognised in Consolidated Statement of Profit and Loss

Particulars	Amount in ₹ Lakhs
	Amount
Interest on lease liabilities	29.74
Amortisation during the year	287.90
Expenses relating to short-term leases and low value assets	384.72

### Amount recognised in the Consolidated Statement of Cash Flows

Particulars	Amount in ₹ Lakhs
	Amount
Interest expenses recognised during the year (refer note 31)	29.74
Lease payments reflected in Consolidated Statement of Cash Flows	80.13

**36.** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2020.

### **37. Research and development expenses**

See accounting policy in note 3(d)

Research and development expenses aggregating to ₹ **545.70 lakhs** (31 March 2019: ₹ 407.26 lakhs) in the nature of revenue expenditure and addition of ₹ **194.81 lakhs** (31 March 2019: ₹ 123.87 lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 38. Employee benefits

See accounting policy in note 3(g)

#### Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are recognised in the Consolidated Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ 248.05 lakhs (31 March 2019: ₹ 211.93 lakhs). Out of these, ₹ 221.97 lakhs (31 March 2019: ₹ 184.72 lakhs) pertains to provident fund plan and ₹ 26.08 lakhs (31 March 2019: ₹ 27.21 lakhs) pertains to ESI.

#### Defined benefits - Gratuity

The Holding Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Holding Company makes contributions to recognised funds in India.

#### Inherent risk

The plan is defined benefit in nature which is sponsored by the Holding Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Holding Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Holding Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Consolidated Statement of Profit and Loss, actuarial assumptions and other information.

#### Reconciliation of the net defined benefit (asset)/ liability:

##### (i) Reconciliation of present value of defined benefit obligation

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Balance at the beginning of the year	434.19	336.58
(b) Current service cost	55.49	40.02
(c) Past service cost - plan amendments	-	-
(d) Interest cost	32.90	25.45
(e) Actuarial (gains)/ losses recognised in other comprehensive income	110.91	44.21
(f) Benefits paid	(13.77)	(12.07)
<b>Balance at the end of the year</b>	<b>619.72</b>	<b>434.19</b>

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Reconciliation of fair value of plan assets

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Balance at the beginning of the year	217.36	159.78
(b) Interest income	17.14	13.97
(c) Actual return on plan asset less interest on plan asset	1.60	0.36
(d) Contributions by the employer	24.08	55.32
(e) Benefits paid	(13.77)	(12.07)
<b>Balance at the end of the year</b>	<b>246.41</b>	<b>217.36</b>

### (iii) Net asset/ (liability) recognised in the Consolidated Balance Sheet

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) Present value of defined benefit obligation	(619.72)	(434.19)
(b) Fair value of plan assets	246.41	217.36
<b>Net asset/ (liability) recognised in the Consolidated Balance Sheet</b>	<b>(373.31)</b>	<b>(216.83)</b>

### (iv) Expense recognised in Consolidated Profit or Loss

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Current service cost	55.49	40.02
(b) Past service cost - plan amendments	-	-
(c) Interest cost	32.90	25.45
(d) Expected return on plan assets	(17.14)	(13.97)
<b>Amount charged to Consolidated Profit or Loss</b>	<b>71.25</b>	<b>51.50</b>

### (v) Remeasurements recognised in Consolidated Other Comprehensive Income

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	58.17	36.08
- experience adjustment	52.74	8.13
(b) Actual return on plan asset less interest on plan asset	(1.60)	(0.36)
<b>Amount recognised in Consolidated Other Comprehensive Income</b>	<b>109.31</b>	<b>43.85</b>

### (vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Impact on defined benefit obligation on discount rate plus <b>100 basis points</b> (31 March 2019: 100 basis point)	(60.96)	(39.30)
Impact on defined benefit obligation on salary growth rate plus <b>100 basis points</b> (31 March 2019: 100 basis point)	64.69	41.45
Impact on defined benefit obligation on discount rate minus <b>100 basis points</b> (31 March 2019: 100 basis point)	73.18	46.97
Impact on defined benefit obligation on salary growth rate minus <b>100 basis points</b> (31 March 2019: 100 basis point)	(54.89)	(36.08)

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

### (vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Consolidated Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

#### Financial assumption

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Discount rate	6.75%	7.70%
Expected rate of salary increase	7.00%	6.00%
Retirement age (years)	60	60
Attrition rate based on different age group of employees:		
ages from 20-25	5%	5%
ages from 25-30	3%	3%
ages from 30-35	2%	2%
ages from 35-50	1%	1%
ages from 50-55	2%	2%
ages from 55-58	3%	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

#### Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

### (viii) Maturity Profile of defined benefit obligation (undiscounted)

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Within next 12 months	110.06	95.65
1-2 year	22.09	16.69
2-3 year	20.69	18.92
3-4 year	30.67	18.37
4-5 year	36.20	27.29
Thereafter	338.76	221.06

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(ix) Weighted average duration of defined benefit obligation	15 years	12 years

(x) The Holding Company expects to pay ₹ 373.31 lakhs in contribution to its defined benefit plans during the year 2020-21.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (xi) Asset Liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Holding Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Holding Company to fully prefund the liability of the plan. The Holding Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

### 39. Share based payments

See accounting policy in note 3(g)(ii)

#### A. Description of share-based payment arrangement

##### Himadri Employees Stock Option Plan 2016 (equity-settled)

The Holding Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of Time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-2017	05-Jan-17	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-2019	08-May-18	2,695,000	140

#### B. Measurement of fair values

##### Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Fair value at grant date	₹ 24.94	₹ 24.94	₹ 23.01	₹ 23.01
Share price at grant date	₹ 36.70	₹ 36.70	₹ 121.15	₹ 121.15
Exercise price	₹ 19.00	₹ 19.00	₹ 140.00	₹ 140.00
Expected volatility* (weighted average volatility)	57.57%	57.57%	23.77%	23.77%

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Expected life (expected weighted average life)	<b>4.39 years</b>	4.39 years	<b>3.07 years</b>	3.07 years
Expected dividends**	<b>0.27%</b>	0.27%	<b>0.41%</b>	0.41%
Risk-free interest rate (based on government bonds)	<b>6.48%</b>	6.48%	<b>7.35%</b>	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

\* Expected volatility on the Holding Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

\*\* Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

### C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
	31 March 2020	31 March 2020	31 March 2019	31 March 2019
Outstanding at 1 April	<b>83.96</b>	<b>2,258,522</b>	19.00	1,281,100
Granted during the year	-	-	140.00	2,695,000
Forfeited during the year	<b>108.52</b>	<b>31,630</b>	134.98	1,546,700
Exercised during the year	<b>19.00</b>	<b>229,037</b>	19.00	170,878
Outstanding at 31 March	<b>91.02</b>	<b>1,997,855</b>	83.96	2,258,522
Exercisable at 31 March	<b>105.80</b>	<b>414,457</b>	19.00	46,414

A weighted average remaining contractual life of **5.85 years** (31 March 2019: 6.69 years).

The weighted average share price at the date of exercise for share options exercised during the year 2019-2020 was ₹ **69.40** (2018-2019: ₹ 130.41).

Weighted average fair value of the options granted during the year 2019-2020 was ₹ **Nil** (2018-2019: ₹ 140).

### D. Expense recognised in Consolidated Statement of Profit and Loss

During the year ended 31 March 2020, the Holding Company has charged ₹ **135.46 lakhs** (31 March 2019: ₹ 170.36 lakhs) as share based payment equity-settled expenses, refer note 30.

### E. Details of the liabilities arising the share based payments to employees - Equity settled were as follows:

Particulars	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Total carrying amount	<b>340.27</b>	260.27



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 40. Related party disclosure

#### A. Enterprises where control exists:

##### i) Related parties with whom transactions have taken place during the year

##### a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Chairman*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Managing Director & Chief Executive Officer**	Key Management Personnel
Mr. Amit Choudhary, Executive Director***	Key Management Personnel
Mr. Tushar Choudhary, Executive Director****	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel
Mr. Bajrang Lal Sharma - Company Secretary (upto 14 February 2020)	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary (w.e.f. 15 February 2020)	Key Management Personnel
Mrs. Bijal Malkan - Director in subsidiary	Key Management Personnel
Mr. Damodar Prasad Choudhary, Chairman Emeritus	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Mr. Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

##### b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Mr. Hanuman Mal Choraria, Non-Executive Independent Director
Mrs. Rita Bhattacharya, Nominee Director (Non-Executive) of Life Insurance Corporation of India (Resigned w.e.f. 8 January 2020)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director (Resigned w.e.f. 15 February 2020)
Mrs. Sucharita Basu De, Non-Executive Independent Director (Appointed w.e.f. 1 April 2019)

\* Managing Director till 14 August 2019

\*\* Appointed as Managing Director w.e.f. closing business hours of 14 August 2019

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

\*\*\* President, Projects till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

\*\*\*\* President, Operations till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

### ii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP

Himadri Credit & Finance Limited

Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)

Sri Agro Himghar Limited

Himadri e-Carbon Limited

Nanhey Lal Mohini Devi Foundation

Bharat Seva Nidhi

Himadri Foundation

Tuaman Engineering Limited (w.e.f. 16 July 2019)

### iii) Entities with significant influence over the Holding Company

BC India Investments

Modern Hi-Rise Private Limited

### iv) Firm in which director is a partner

Aquilaw

## B. Disclosure of transactions between the Group and related parties

Name of the related party	Nature of transaction	Amount in ₹ Lakhs	
		Year ended 31 March 2020	Year ended 31 March 2019
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ 3,704.23 lakhs]*	20,579.07	-
	Payment for EPC*	9,051.56	-
	Rental income	42.00	-
Modern Hi-Rise Private Limited	Rent paid	0.14	0.14
Sri Agro Himghar Limited	Rent paid	0.06	0.26
Aquilaw	Legal expenses	102.76	-
Mr. Bankey Lal Choudhary	Remuneration	208.03	130.46
Mr. Shyam Sundar Choudhary	Remuneration	204.50	130.18
Mr. Vijay Kumar Choudhary	Remuneration	201.81	125.68
Mr. Anurag Choudhary	Remuneration	261.25	150.68
Mr. Amit Choudhary	Remuneration	201.71	125.61
Mr. Tushar Choudhary	Remuneration	201.94	125.61
Mr. Kamlesh Kumar Agarwal	Remuneration	107.67	97.26
Mr. Bajrang Lal Sharma	Remuneration	17.33	17.69

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

		Amount in ₹ Lakhs	
Name of the related party	Nature of transaction	Year ended 31 March 2020	Year ended 31 March 2019
Mrs. Monika Saraswat	Remuneration	1.40	-
Mr. Kamlesh Kumar Agarwal	Loan given	75.00	-
Mr. Kamlesh Kumar Agarwal	Interest receivable on loan given	4.26	-
Nanhey Lal Mohini Devi Foundation	Expenditure on corporate social responsibility	12.09	81.82
Bharat Seva Nidhi	Expenditure on corporate social responsibility	-	0.05
Himadri Foundation	Expenditure on corporate social responsibility	101.59	24.29
Nanhey Lal Mohini Devi Foundation	Donation	-	50.18
Bharat Seva Nidhi	Donation	-	0.45
Himadri Foundation	Donation	198.00	17.71
Mr. Sakti Kumar Banerjee	Sitting fees	2.94	2.12
Mr. Hardip Singh Mann	Sitting fees	1.20	1.20
Mr. Santimoy Dey	Sitting fees	2.94	2.12
Mr. Hanuman Mal Choraria	Sitting fees	2.38	1.64
Mrs. Rita Bhattacharya	Sitting fees	1.20	1.00
Mr. Santosh Kumar Agrawala	Sitting fees	1.80	1.20
Mr. Suryakant Balkrishna Mainak	Sitting fees	0.90	0.80
Mrs. Suicharita Basu	Sitting fees	1.20	-
BC India Investments	Dividend paid	154.77	103.18
Modern Hi-Rise Private Limited	Dividend paid	273.90	182.61
Himadri Credit & Finance Limited	Dividend paid	14.23	9.48
Mr. Vijay Kumar Choudhary	Dividend paid	4.90	3.27
Mr. Shyam Sundar Choudhary	Dividend paid	4.85	3.23
Mr. Bankey Lal Choudhary	Dividend paid	2.23	1.48
Mr. Damodar Prasad Choudhary	Dividend paid	2.23	1.48
Mrs.Sushila Devi Choudhary	Dividend paid	1.28	0.85
Mrs.Sheela Devi Choudhary	Dividend paid	1.14	0.76
Mrs.Saroj Devi Choudhary	Dividend paid	1.23	0.82
Mrs.Kanta Devi Choudhary	Dividend paid	1.23	0.82
Mr. Kamlesh Kumar Agarwal	Dividend paid	0.03	-

\*Information in respect of these transactions has been given w.e.f. 16 July 2019, date of Tuaman Engineering Limited becoming related party.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### C. Outstanding balances

Name of the related party	Nature of transaction	Amount in ₹ Lakhs	
		31 March 2020	31 March 2019
Tuaman Engineering Limited	Capital advances	204.15	-
Sri Agro Himghar Limited	Rent payable	0.06	-
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	79.26	-

### D. Key Management Personnel Remuneration

Key management personnels (KMP) remuneration comprised of the following:

Nature of transaction	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Short-term employee benefits	1,393.37	879.59
Share based payments to employees - Equity settled	8.42	20.41
Other long-term benefits	3.85	3.17
Total remuneration paid to key management personnel	1,405.64	903.17

As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee of the Holding Company, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Holding Company, in accordance with shareholders' approval, wherever necessary.

## 41. Operating segments:

### A. Basis of segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief operating decision maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which is the Group's strategic business verticals. These business verticals are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segment	Operations
Carbon materials and chemicals	Manufacturing
Power	Generation and Distribution

### B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Holding Company's Managing Director and Chief Executive Officer. Segment profit is used to measure performance as Group believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

Year ended 31 March 2020	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
<b>Segment revenue:</b>				
- External revenues	179,340.96	1,239.07	-	180,580.03
- Inter-segment revenue	-	5,344.02	5,344.02	-
<b>Total segment revenue</b>	<b>179,340.96</b>	<b>6,583.09</b>	<b>5,344.02</b>	<b>180,580.03</b>
Segment results*	19,650.80	5,871.30	-	25,522.10
Reconciliation of segment result with profit before tax				
Other income	-	-	-	798.50
Finance costs	-	-	-	(5,491.35)
Foreign exchange gain/(loss) (net)	-	-	-	(1,414.73)
Profit before tax	-	-	-	19,414.52
Depreciation and amortisation expense	3,772.81	151.57	-	3,924.38
<b>Segment assets</b>	<b>239,223.01</b>	<b>5,210.47</b>	-	<b>244,433.48</b>
Unallocable corporate assets	-	-	-	11,808.79
Capital expenditure during the year	24,331.61	37.07	-	24,368.68
<b>Segment liabilities</b>	<b>26,370.30</b>	<b>31.66</b>	-	<b>26,401.96</b>
Unallocable corporate liabilities	-	-	-	56,469.93

\* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

Amount in ₹ Lakhs

Year ended 31 March 2019	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
<b>Segment revenue:</b>				
- External revenues	240,352.63	1,886.03	-	242,238.66
- Inter-segment revenue	-	4,767.52	4,767.52	-
<b>Total segment revenue</b>	<b>240,352.63</b>	<b>6,653.55</b>	<b>4,767.52</b>	<b>242,238.66</b>
Segment results*	46,890.58	5,920.47	-	52,811.05
Reconciliation of segment result with profit before tax				
Other income	-	-	-	776.52
Finance costs	-	-	-	(7,105.25)
Foreign exchange gain/(loss) (net)	-	-	-	(268.55)
Profit before tax	-	-	-	46,213.77
Depreciation and amortisation expense	3,292.31	151.13	-	3,443.44
<b>Segment assets</b>	<b>248,154.49</b>	<b>5,404.98</b>	-	<b>253,559.47</b>
Unallocable corporate assets	-	-	-	25,230.65
Capital expenditure during the year	21,068.10	35.23	-	21,103.33
<b>Segment liabilities</b>	<b>53,206.79</b>	<b>319.80</b>	-	<b>53,526.59</b>
Unallocable corporate liabilities	-	-	-	62,116.52

\* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Property, plant and equipment are allocated based on location of the assets.

### Secondary segment information (geographical segment)

Particulars	Within India		Outside India		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
External revenue by location of customers	165,792.51	210,330.83	14,787.52	31,907.83	180,580.03	242,238.66
Carrying amount of segment assets by location of assets	237,390.03	255,896.51	18,852.24	22,893.61	256,242.27	278,790.12
Cost incurred on acquisition of property, plant and equipment and other intangible assets	24,368.68	21,088.31	-	15.02	24,368.68	21,103.33

### Major customer

Revenue from one customer of the Group's Carbon material and chemical segment is ₹ 36,093.81 lakhs (31 March 2019: ₹ 39,795.61 lakhs) which is more than 20 percent of the Group's total revenue.

### 42. Fair value measurement

See accounting policy in note 3(w)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

#### A. Accounting classification and fair value

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

		Amount in ₹ Lakhs						
As on 31 March 2020	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets:</b>								
Investment in preference shares (unquoted)	7	-	46.37	4,233.59	4,279.96	-	4,233.59	46.37
Investment in equity instruments (unquoted)	7	-	-	2.82	2.82	-	1.35	1.47
Investment in equity instruments (quoted)	7	-	-	383.09	383.09	1.30	-	381.79
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	30,746.60	-	-	30,746.60	-	-	-
Cash and cash equivalents	9	4,202.83	-	-	4,202.83	-	-	-
Bank balances other than cash and cash equivalents	10	453.18	-	-	453.18	-	-	-
Loans	11	2,396.42	-	-	2,396.42	-	-	-
Other financial assets	12	578.70	-	-	578.70	-	-	-



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2020	Note	Carrying value			Fair value measurement using			
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial liabilities:</b>								
Non convertible debentures	19	15,000.00	-	-	15,000.00	-	-	-
Term loans	19	4,038.41	-	-	4,038.41	-	-	-
Current borrowings	19	31,451.28	-	-	31,451.28	-	-	-
Trade payables	20	22,940.23	-	-	22,940.23	-	-	-
Derivatives	21	-	175.88	-	175.88	-	175.88	-
Lease liabilities	22	803.17	-	-	803.17	-	-	-
Other financial liabilities (other than lease liabilities)	22	1,690.45	-	-	1,690.45	-	-	-

Amount in ₹ Lakhs

As on 31 March 2019	Note	Carrying value			Fair value measurement using			
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets:</b>								
Investment in preference shares (unquoted)	7	-	46.37	16,595.02	16,641.39	-	16,595.02	46.37
Investment in equity instruments (unquoted)	7	-	-	6.88	6.88	-	5.31	1.57
Investment in equity instruments (quoted)	7	-	-	1,272.51	1,272.51	1.90	-	1,270.61
Investment in mutual funds	7	-	1.23	-	1.23	1.23	-	-
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	37,405.85	-	-	37,405.85	-	-	-
Cash and cash equivalents	9	1,405.65	-	-	1,405.65	-	-	-
Bank balances other than cash and cash equivalents	10	3,704.61	-	-	3,704.61	-	-	-
Loans	11	2,216.18	-	-	2,216.18	-	-	-
Other financial assets	12	1,037.46	-	-	1,037.46	-	-	-
<b>Financial liabilities:</b>								
Non convertible debentures	19	15,000.00	-	-	15,000.00	-	-	-
Term Loans	19	8,480.28	-	-	8,480.28	-	-	-
Current borrowings	19	24,166.72	-	-	24,166.72	-	-	-

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

						Amount in ₹ Lakhs		
	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
As on 31 March 2019								
Trade payables	20	44,051.71	-	-	44,051.71	-	-	-
Derivatives	21	-	604.91	-	604.91	-	604.91	-
Other financial liabilities (other than lease liabilities)	22	2,123.66	-	-	2,123.66	-	-	-

The Group assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Group's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

### B. Fair value hierarchy

The Group has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed company.
- The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

(f) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.

(g) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Group's estimates.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2020 and 31 March 2019.

### Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Balance as at beginning of the year	1,318.55	5,791.61
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	(888.92)	(1,949.88)
Assumed in a scheme of amalgamation of investee companies pursuant to the NCLT order dated 1 March 2019 (refer note 7)	-	(2,523.18)
Balance as at end of the year	429.63	1,318.55

### Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2019.

### Financial assets and liabilities measured at fair value as at Consolidated Balance Sheet date:

- The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Consolidated Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

### Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.

- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

### Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 43. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

#### Risk management framework

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Group

The sources of risks which the Group is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
<b>Credit risk</b>	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
<b>Liquidity risk</b>	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
<b>Market risk</b>			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (i) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

#### Trade receivable

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

#### Exposure to credit risks

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from a top customer	20%	16%
Revenue from top five customers	45%	43%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	417.01	417.01
Add: Provided during the year	-	-
Less: Utilised during the year	-	-
<b>Balance at the end of the year</b>	<b>417.01</b>	417.01

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's finance team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs						
31 March 2020	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	49,307.60	1,579.13	862.63	-	-	51,749.36
Trade payables (including acceptances)	22,940.23	-	-	-	-	22,940.23
Derivatives	175.88	-	-	-	-	175.88
Other financial liabilities*	1,800.40	132.28	125.24	275.06	332.38	2,665.36

\* includes lease liability including lease interest

Amount in ₹ Lakhs						
31 March 2019	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	31,057.28	17,745.08	1,508.74	818.28	-	51,129.38
Trade payables (including acceptances)	44,051.71	-	-	-	-	44,051.71
Derivatives	228.05	376.86	-	-	-	604.91
Other financial liabilities	1,305.03	-	-	25.77	-	1,330.80

### (iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### (a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated are EURO, USD and JPY. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

#### Exposure to currency risk

The Group's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in ₹ Lakhs						
	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
<b>31 March 2020</b>						
<b>Financial Assets</b>						
Trade receivables	-	-	21.98	1,656.97	-	-
Cash and cash equivalents	-	-	10.58	797.42	-	-
	-	-	32.56	2,454.39	-	-
<b>Financial Liabilities</b>						
Borrowings (including current maturities of non-current borrowings)	-	-	140.58	10,597.60	430.56	299.88
Trade payables	-	-	207.87	15,670.70	-	-
Derivatives	-	-	0.80	60.27	165.99	115.61
Other financial liabilities	0.07	5.56	4.82	363.61	0.79	0.55
	0.07	5.56	354.07	26,692.18	597.34	416.04
Net exposure in respect of recognised financial assets and financial liabilities	(0.07)	(5.56)	(321.51)	(24,237.79)	(597.34)	(416.04)

Amount in ₹ Lakhs						
	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
31 March 2019						
<b>Financial Assets</b>						
Trade receivables	-	-	52.62	3,638.71	-	-
Cash and cash equivalents	-	-	0.66	45.71	-	-
	-	-	53.28	3,684.42	-	-

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

Amount in ₹ Lakhs

31 March 2019	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
<b>Financial Liabilities</b>						
Borrowings (including current maturities of non-current borrowings)	-	-	59.68	4,127.79	1,291.68	807.55
Trade payables	-	-	510.47	35,310.07	-	-
Derivatives	-	-	3.80	262.83	547.15	342.08
Other financial liabilities	-	-	4.85	335.35	2.72	1.70
Less: Forward contracts	-	-	-	-	-	-
	-	-	578.80	40,036.04	1,841.55	1,151.33
<b>Net exposure in respect of recognised financial assets and financial liabilities</b>	-	-	(525.52)	(36,351.62)	(1,841.55)	(1,151.33)

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the EURO, USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
EURO (5% Movement)	<b>(0.28)</b>	<b>0.28</b>	<b>(0.18)</b>	<b>0.18</b>
USD (5% Movement)	<b>(1,211.89)</b>	<b>1,211.89</b>	<b>(788.41)</b>	<b>788.41</b>
JPY (10% Movement)	<b>(41.60)</b>	<b>41.60</b>	<b>(27.07)</b>	<b>27.07</b>
31 March 2019				
EURO (5% Movement)	-	-	-	-
USD (5% Movement)	(1,817.58)	1,817.58	(1,188.55)	1,188.55
JPY (10% Movement)	(115.13)	115.13	(75.29)	75.29

### (b) Interest rate risk

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 interest rates. The Group exposure to the risk of changes in market interest rates related primarily to the Group's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period are as follows:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
<b>Fixed rate instruments</b>		
Financial assets	763.79	855.27
Financial liabilities	(42,528.14)	(31,168.48)
	<b>(41,764.35)</b>	<b>(30,313.21)</b>
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(7,961.55)	(16,478.52)
	<b>(7,961.55)</b>	<b>(16,478.52)</b>

### Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

	Amount in ₹ Lakhs			
	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
Variable rate instruments	(79.62)	79.62	(51.80)	51.80
<b>Cash flow sensitivity (net)</b>	<b>(79.62)</b>	<b>79.62</b>	<b>(51.80)</b>	<b>51.80</b>
31 March 2019				
Variable rate instruments	(164.79)	164.79	(107.76)	107.76
Cash flow sensitivity (net)	(164.79)	164.79	(107.76)	107.76

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

### (c) Equity price risks

The Group's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

### Sensitivity analysis

Investment in equity instruments made by the Group are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2020. Hence, sensitivity analysis is not given.

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

(d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Particulars	Currency pair	Position	Amount in ₹ Lakhs			
			31 March 2020		31 March 2019	
			Amount in foreign currency in lakhs	Amount in ₹ in lakhs	Amount in foreign currency in lakhs	Amount in ₹ in lakhs
Currency swap [1, (previous year 1)]	USD/JPY	Sell	430.56	299.89	1,291.67	807.55
Interest rate swaps [1, (previous year 3)]	USD/INR	Notional principal	138.07	10,408.53	246.12	17,024.44
Interest rate swap [Nil, (previous year 1)]	JPY/INR	Notional principal	-	-	4,733.69	2,959.50

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Consolidated Balance Sheet date:

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
Later than three months and not later than one year	175.88	228.05
Later than one year	-	376.86
	175.88	604.91

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

	Amount in ₹ Lakhs			
	31 March 2020		31 March 2019	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/ liability	-	175.88	35.03	639.94
Amount set-off	-	-	(35.03)	(35.03)
<b>Net amount presented in Consolidated Balance Sheet</b>	-	175.88	-	604.91

#### 44. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013

	Net assets (total assets minus total liabilities)		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
	As % of Consolidated net assets	Amount in ₹ Lakhs	As % of Consolidated profit or loss	Amount in ₹ Lakhs	As % of Consolidated other comprehensive income	Amount in ₹ Lakhs	As % of Consolidated total comprehensive income	Amount in ₹ Lakhs
<b>Parent</b>								
Himadri Speciality Chemical Limited	95.26%	165,150.92	39.43%	8,097.65	107.27%	(10,442.14)	(21.70%)	(2,344.49)
<b>Subsidiaries:</b>								
<b>Foreign</b>								
1. AAT Global Limited	(3.76%)	(6,521.36)	(56.55%)	(11,613.58)	0.00%	-	(107.52%)	(11,613.58)

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

	Net assets (total assets minus total liabilities)		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
	As % of Consolidated net assets	Amount in ₹ Lakhs	As % of Consolidated profit or loss	Amount in ₹ Lakhs	As % of Consolidated other comprehensive income	Amount in ₹ Lakhs	As % of Consolidated total comprehensive income	Amount in ₹ Lakhs
2. Shandong Dawn Himadri Chemical Industry Ltd	(0.41%)	(707.20)	(0.89%)	(183.62)	0.00%	-	(1.70%)	(183.62)
<b>Non-controlling interests in all subsidiaries</b>	(0.03%)	(45.02)	(0.06%)	(11.72)	0.01%	(1.22)	(0.12%)	(12.94)
Intercompany eliminations on consolidation	8.94%	15,493.04	118.07%	24,247.18	0.00%	-	224.48%	24,247.18
Exchange differences in translating financial statements of foreign operations	0.00%	-	0.00%	-	(7.28%)	708.83	6.56%	708.83
<b>At 31 March 2019</b>	<b>100.00%</b>	<b>173,370.38</b>	<b>100.00%</b>	<b>20,535.91</b>	<b>100.00%</b>	<b>(9,734.53)</b>	<b>100.00%</b>	<b>10,801.38</b>

Refer note 50 for merger

### 45. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Group may take appropriate steps in order to maintain or adjust its capital structure.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		Amount in ₹ Lakhs	
		31 March 2020	31 March 2019
Borrowings	A	50,489.69	47,647.00
Liquid investments	B	4,202.83	1,406.88
<b>TOTAL</b>	C = A-B	<b>46,286.86</b>	46,240.12
Equity	D	173,370.38	163,147.01
<b>Debt to Equity</b>	E = A / D	<b>0.29</b>	0.29
<b>Debt to Equity (net)</b>	F = C / D	<b>0.27</b>	0.28

For the purpose of the Group's capital management

- Borrowings includes as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19 and 22.
- Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Group as described in note 17 and 18.
- Liquid investments include cash and cash equivalents, mutual funds (refer note 7B and 9)

## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

**46.** The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Consolidated financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

### **47. Due to micro enterprises, small and medium enterprises**

	Amount in ₹ Lakhs	
	31 March 2020	31 March 2019
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	1.58	141.74
- Interest	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

### **48. Distribution made and proposed dividend on equity shares by the Holding Company**

See accounting policy in note 3(q)

	Amount in ₹ Lakhs	
	Year ended 31 March 2020	Year ended 31 March 2019
<b>Dividend on equity shares declared and paid during the year</b>		
Final dividend for the year ended on 31 March 2019: ₹ 0.15 per share (31 March 2018: ₹ 0.10 per share)	627.91	418.41
Dividend distribution tax on final dividend	129.07	86.00
<b>Total dividend paid</b>	<b>756.98</b>	504.41
<b>Proposed dividend on equity shares not recognised as liability</b>		
Final dividend for the year ended on 31 March 2020: ₹ 0.15 per share (31 March 2019: ₹ 0.15 per share)	628.21	627.87
Dividend distribution tax on final dividend	-	129.06
<b>Total dividend proposed for the year</b>	<b>628.21</b>	756.93

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Holding Company at the Annual General Meeting and not recognised as a liability as at Consolidated Balance Sheet date.



## Notes to the Consolidated financial statements for the year ended 31 March 2020 (Contd.)

### 49. Estimation of uncertainty due to COVID-19 pandemic

The Group has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Group based on the internal and external information available up to the date of approval of these Consolidated financial statements, the Group does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated financial statements and the Group will continue to closely monitor for any material changes to future economic conditions.

50. National Company Law Tribunal ('NCLT'), Kolkata Bench, vide Order dated 14 October 2019, approved the Scheme of Amalgamation ('Scheme') between Himadri Speciality Chemical Limited ('the Holding Company' or the 'Transferee Company') and Equal Commodeal Private Limited (the 'Transferor Company'), a wholly owned subsidiary of the Company, with effect from the Appointed Date of 1 April 2018. Since the wholly owned subsidiary company has merged with the Holding Company, there is no impact on the audited Consolidated financial statements, and therefore no adjustment is required in the books of account and in the accompanying audited Consolidated financial statements for the year ended 31 March 2020.

51. Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year classification / disclosure.

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 101248W/W-100022

Sd/-  
**Jayanta Mukhopadhyay**  
Partner  
Membership No. 055757

Place: Kolkata  
Date: 21 July 2020

For and on behalf of the Board of Directors of  
**Himadri Speciality Chemical Limited**  
CIN: L27106WB1987PLC042756

Sd/-  
**Anurag Choudhary**  
Managing Director and Chief  
Executive Officer  
DIN: 00173934

Sd/-  
**Kamlesh Kumar Agarwal**  
Chief Financial Officer

Place: Kolkata  
Date: 21 July 2020

Sd/-  
**Shyam Sundar Choudhary**  
Executive Director  
DIN: 00173732

Sd/-  
**Monika Saraswat**  
Company Secretary







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