



Kanorja Chemicals  
& Industries Limited



# ANNUAL REPORT

## 2018-19

# ANNUAL REPORT

## 2018-19

### Registered Office

'KCI Plaza', 6th Floor, 23-C, Ashutosh Chowdhury Avenue  
Kolkata – 700 019  
CIN: L24110WB1960PLC024910  
Phone: +91-33-40313200  
Email: [info@kanoriachem.com](mailto:info@kanoriachem.com)

---

### Company Secretary

N.K. Sethia

---

### Group Chief Financial Officer

N. K. Nolkha

---

### Auditors

J K V S & Co.  
Nandlal Jew Road  
Kolkata – 700 026

---

### Bankers

DBS Bank Limited  
HDFC Bank Limited  
Yes Bank Limited



# BOARD OF DIRECTORS



Mr. R.V. Kanoria



Mr. Sidharth K. Birla



Mrs. M. Kanoria



Mr. H.K. Khaitan



Mr. Amitav Kothari



Mr. Ravinder Nath



Mr. G. Parthasarathy



Mr. A. Vellayan



Mr. S.V. Kanoria



# TABLE OF CONTENTS

|   |     |
|---|-----|
| CHAIRMAN'S STATEMENT                        | 03  |
| THE YEAR IN REVIEW                          | 04  |
| NEW FRONTIERS                               | 07  |
| VALUE                                       | 09  |
| DIRECTORS' REPORT                           | 11  |
| REPORT ON CORPORATE GOVERNANCE              | 35  |
| GENERAL SHAREHOLDERS' INFORMATION           | 46  |
| INDEPENDENT AUDITOR'S REPORT                | 53  |
| BALANCE SHEET                               | 60  |
| STATEMENT OF PROFIT & LOSS                  | 61  |
| STATEMENT OF CHANGES IN EQUITY              | 62  |
| CASH FLOW STATEMENT                         | 63  |
| CONSOLIDATED BALANCE SHEET                  | 102 |
| CONSOLIDATED STATEMENT OF PROFIT & LOSS     | 103 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 104 |
| CONSOLIDATED CASH FLOW STATEMENT            | 105 |



# CHAIRMAN'S STATEMENT



There is a new majority government at the Centre. The continuity in leadership will help and we can expect speedier implementation of work already started. Even though the country is faced with economic slowdown, we are confident that the government is fully engaged for finding the right policy measures.

Stimulating investment in the economy, particularly private sector investment is crucial. India has so far banked on a consumption led growth model. It is perhaps time for a two pronged approach of consumption and investment led model. Towards this objective, concerted efforts are required to revisit and realign policies, especially fiscal and taxation policy, to create a supportive environment that promotes investment in the economy.

The rural economy continues to face distress and agriculture performs lower than potential. This eventually also impacts industry. Pending issues in agriculture must be dealt with as quickly as possible keeping in view the large number of people directly dependent on this sector.

Five years back, we embarked on diversification of operations of the Company, both in terms of business and geography. Our initiatives have met with success in automotive electronics segment where the topline growth of our subsidiary APAG Holdings has been almost four times during the period of our engagement. During the year, the company launched a new production facility in Windsor, Canada which is in close proximity to the automotive hub of the Detroit area in the United States and would provide the company better access to the North American market.

Our investment in Ethiopia for the manufacture of Denim continues to be stressed. Some challenges have been addressed but more still remain, such as in marketing and supply chain functions. Towards partial mitigation, we have commenced garmenting but desired outcome is yet to be realized. We are looking for alternative solutions including induction of a strategic partner.

The chemicals business of the Company is cyclical in nature. I am happy to report that our plants in Ankleshwar and Vizag are efficient and despite sluggish conditions in the market and high volatility in the prices of raw materials, the performance this year was better than last year. The plants are ready for moving up the value chain, from commodity chemicals to specialized ones. We have invested in a third plant at Naidupeta in the state of Andhra Pradesh which is at an advanced stage of completion and is expected to commence production in the year 2019.

The consolidated accounts of the Company for the year 2018-19 report losses. This is primarily because of the investments made during the year. Returns are not reflecting immediately and we expect this to happen after a reasonable gestation period.

In the coming year, we expect the global slowdown in the automotive sector to continue. This will have some impact on our operations. There are uncertainties in the strategic direction of the automobile industry, particularly with regard to introduction of electric vehicles.

There is a need to be conscious of the challenges facing our business. We are looking at the future with optimism. With better access to new markets and expanding customer base, we remain confident of a fruitful year ahead.

I would like to acknowledge the hard work put in by our dedicated team in the Company and all its subsidiaries in challenging circumstances.

**R. V. Kanoria**  
Chairman & Managing Director



# THE YEAR IN REVIEW

The Indian economy during the year 2018-19 showed signs of a slowdown with depressed market conditions. With a majority government at the Centre, continuing leadership is expected to complete policy initiatives already undertaken and provide the required fillip to growth of industry.

A fundamental requirement to rejuvenate flat industrial output is increasing investment in the economy. Private investment in particular has remained sluggish. A favourable policy environment is necessary to facilitate higher investment. The consumption led growth model needs to be strengthened by a twin focus on investment and consumption.

The agriculture and rural economy has a strong impact on the performance of industry and services sectors. In addition to subsidies, grants and debt waivers, agriculture more importantly requires a big push through concerted action on pending reforms.

The operations of the Company continued to follow the foundations of a constant vigil on costs, good governance, ethical business practices and sustainable policies.

The diversification initiatives of the Company are described in the subsequent section titled 'New Frontiers'.

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Performance with respect to Operational Performance

The Company delivered improved performance despite volatility in the prices of key raw materials owing to better operational efficiencies.

The Revenue from Operations increased by 32% to Rs. 4,475 million as against Rs. 3,387 million (excluding excise duty applicable till June 2017) in the previous financial year. The EBITDA improved from Rs. 365 million in the previous year to Rs. 399 million in the current financial year. The Profit before tax increased from Rs. 82 million to Rs. 107 million after

accounting for loss of exceptional nature on fair value of investment as explained in Note 27 to the Financial Statements. The Profit for the year was at Rs. 77 million and Total Comprehensive Income at Rs. 76 million as against Rs. 56 million and Rs. 32 million respectively in the previous financial year. The Earning per Share improved from Rs. 1.28 in the previous financial year to Rs. 1.75 in the current financial year.

APAG CoSyst Group engaged in Electronic Automotive segment under APAG Holding AG, the Switzerland based subsidiary of the Company, continued to deliver improved revenue which increased by 26% at Rs. 5,237 million as against Rs. 4,152 million in the previous year. The EBITDA however declined from Rs. 332 million to Rs. 246 million primarily on account of higher material costs caused by unprecedented shortage in the availability of electronic components, a key raw material of the company, as also on account of non capital costs incurred in setting up a Greenfield production facility in Canada. APAG CoSyst Group incurred a net loss of Rs. 47 million after accounting for exceptional cost of Rs. 26 million incurred towards issue of new equity shares to an investor at almost 100 times the face value.

Kanoria Africa Textiles plc (KAT), another foreign subsidiary of the Company based in Ethiopia continued to demonstrate improved performance and efficiency. The Revenue from this segment increased by 24% from Rs. 828 million in the previous year to Rs. 1,023 million in the current financial year. The EBITDA improved from Rs. 142 million in the previous year to Rs. 164 million in the current financial year. The increased incidence of Depreciation on new capital expenditure and Finance cost on account of higher borrowings to meet its requirement towards capital expenditure and working capital as also on account of higher rates, however, led to a loss of Rs. 234 million as against a loss of Rs. 116 million incurred during the previous financial year.

The Consolidated Revenue from Operations increased by 28% to Rs. 10,735 million as against Rs. 8,368 million (excluding excise duty applicable till June 2017) in the previous financial year. The consolidated EBITDA for the year was Rs. 759 million as against Rs. 800 million in the previous financial year. The consolidated loss after accounting for exceptional costs of Rs. 54 million for the year was at Rs. 195 million and total comprehensive loss for the year was Rs. 197 million. The total comprehensive loss at consolidated level attributable to the Shareholders of the Company was at Rs. 151 million.



Plant at Naidupeta, Andhra Pradesh



Vizag-Resin Plant

### Key Financial Ratios

|  | 2018-19 | 2017-18 |
|--|---------|---------|
| Debtors Turnover                         | 7.09    | 6.30    |
| Inventory Turnover <sup>1</sup>          | 15.81   | 7.95    |
| Interest Coverage Ratio                  | 8.15    | 8.55    |
| Current Ratio                            | 1.31    | 1.36    |
| Debt Equity Ratio <sup>2</sup>           | 0.08    | 0.03    |
| Operating Profit Margin (%) <sup>3</sup> | 5.95%   | 3.80%   |
| Net Profit Margin (%)                    | 1.66%   | 1.51%   |
| Return on Net Worth <sup>4</sup>         | 1.26%   | 0.92%   |

<sup>1</sup> Inventory turnover was better because of improved inventory management.  
<sup>2</sup> Debt Equity ratio increased primarily on account of new loans taken for setting up a chemical plant in India as also to fund international operations.  
<sup>3</sup> Operating profit Margin improved primarily on account of better operational efficiencies.  
<sup>4</sup> Return on Net Worth improved primarily on account of better profit.

### Alco Chemicals Segment

#### Industry structure and development

The Alco Chemicals Division of the Company produces Formaldehyde and other value added products, including Pentaerythritol, Hexamine, Sodium Formate, Acetaldehyde and Phenolic Resins.

The Company's Formaldehyde plants use the FORMOX process, which ensures lower operational cost and higher product purity. The Company is one of the only Indian manufacturers operating on this technology. The Pentaerythritol and Hexamine manufacturing technologies have been developed in-house by the Company and has been refined over the years to compete globally on cost and quality.

The state-of-the-art resin production plant of the Company has a collaborative agreement with Hexion Inc. - the global leader in thermoset resins, and ASK Chemicals – a global player in foundry solutions and resins. These collaborations enable the Company to add specialized, high-value products to its manufacturing portfolio.

#### Opportunities

- The Company is setting up a new Formaldehyde plant at Naidupeta in the state of Andhra Pradesh, which is expected to be operational during 2019-20. This would enable the Company to cater to markets in

South India where new manufacturing capacities for wood products is coming up. Considering the high volume nature of the product and high cost of transportation, the Company is currently only able to service Formaldehyde consumers in the West (from the Ankleshwar plant) and East (from the Vizag plant) of India.

- Phenolic resins are used in a wide variety of applications. There is great potential for developing high value resins through continuous research. Considering the positive guidance from the market, the Company is considering to expand capacity.
- Technology infusion and implementation of business excellence initiatives to increase production and reduce costs.

#### Threats

- Inordinate fluctuations in Methanol and Phenol prices could affect margins, and possibly have a negative overall impact on profitability due to inventory carrying risk.
- Cheaper imports of Pentaerythritol or Hexamine could reduce margins.

#### Performance

- The operations of the Alco Chemicals Division remained stable during the year. Production and sale of products of the Division were higher compared to the previous year.

#### Outlook

- Higher growth in the manufacturing sector expected to improve demand for Alco Chemicals in the country.
- The Government's focus on infrastructure and affordable housing should result in increasing overall demand for Formaldehyde, Pentaerythritol, Hexamine and Phenolic resins.
- While the production and revenues are expected to be higher, improvement in margins is unlikely.

### Solar power segment

#### Industry structure and development

The Company's Solar Power Division located at Village Bap in Jodhpur District in the state of Rajasthan is engaged in the generation of power from solar energy using Photo Voltaic (PV) technology. The project was set up under the Renewable Energy Certificate (REC) scheme.



Solar Panels, Bap-Rajasthan

### Opportunities

- With the Government's ambitious targets for renewable energy generation, about 230 acres of unused land owned by the Company near an operational solar energy generation plant is a valuable asset.
- Growing demand in the market for RECs can fetch higher revenues.

### Threats

- Downward revision of prices of Renewable Energy Certificates will lower revenues.

### Performance

- The operations of the Solar Power Division remained stable through the year. Choice of technology for the project resulted in the Division to be amongst projects with the highest performance ratio in the country. Revenue accrual, however, remained flat compared to the previous year on account of reduction in the price of RECs, as well as higher depreciation costs.

### Outlook

- Stable operations of the Division expected to continue.
- With resumption of trading in RECs, revenue accrual expected to improve.
- Expectation that the government will improve enforcement of the Renewable Purchase Obligation leading to better revenue from REC sales.

## Quality Accreditation and OHSAS

Both manufacturing units of the Company at Ankleshwar and Vishakhapatnam renewed the ISO 9001 certification for quality management systems, the ISO 14001 certification for environment management systems and practices, and OHSAS 18001 certification for organizational health and safety systems during the year. Both units also received RC 14001:2015 certification for responsible care management systems.

## Safety and Environment

The Company maintained its safety record and it remained an accident free year at all units.

Proactive practices in managing and protecting the environment ensured control on wastage and recycling resources.

## Risks and Concerns

Currently, the Company perceives the following main business risks:

- Cheap imports and dumping by other countries threatens to adversely impact domestic prices leading to lower margins.
- Extreme volatility in prices of raw materials and other inputs could lead to fluctuating margins, and possibly have an overall negative impact on profitability as a result of higher inventory carrying risk.
- Government's weak enforcement of the Renewable Purchase Obligation, fall in demand for Renewable Energy Certificates (RECs) and the uncertainty on the future of the REC mechanism, are areas of concern for the growth of the Company's solar power business.

## Internal Control Systems and Adequacy

An adequate system of internal control is in place. The assets, buildings, plant and machinery, vehicles and stocks of the Company are insured, including for loss of profits.

The key elements of the control system are:

- Clear and well defined organisation structure and limits of financial authority.
- Corporate policies for financial reporting, accounting, information security, investment appraisal and corporate governance.
- Annual budgets and business plan, identifying key risks and opportunities.
- Internal audit for reviewing all aspects of laid down systems and procedures as well as risks and control.
- Risk Management Committee that monitors and reviews all risk and control issues.

## Human Resource and Industrial Relations

The Company has consistently laid focus on people development and the role played by its human resources in inculcating organisational excellence in fast changing business environment. The Company adopts good HR practices to impart fairness and transparency in all its operations. Each employee is guided by a detailed Code of Conduct that helps the organisation to achieve its goals in an ethical manner. KCI regularly conducts training programmes for different levels of employees to ensure mapping of job requirement and skills base.

The industrial relations climate of the Company continues to remain harmonious and cordial with focus on improving productivity, quality and safety.

The number of persons permanently employed by the Company during the year was approximately 351.

## CAUTIONARY STATEMENT

Statement in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

# NEW FRONTIERS

## RENEWABLE ENERGY

The Company's initiative in the standalone renewable energy generation began in the year 2012. With a current generation capacity of 5.0 MW, the grid-interactive solar photovoltaic technology based power plant of the Company at Bap in Jodhpur district in the state of Rajasthan continued to operate with high performance. The plant is equipped with dual axis tracking system in 2.5 MW capacity, which ensures capture of maximum solar radiation by orienting the modules to face the sun at all times.



Control Panels, Solar Plant, Bap-Rajasthan

The renewable energy sector, however, continues to face policy implementation and procedural difficulties. The Government also reduced the prices of RECs without commensurate adjustment in the number of RECs held. This is being collectively contested by the renewable energy industry through the concerned trade bodies, the Green Energy Association and the Indian Wind Power Association before Hon'ble Supreme Court. Although trading has resumed since 2018, further growth in the sector will depend on government policy and judicious regulation.

## TEXTILES

The Company set up an integrated denim manufacturing unit in Ethiopia, Africa through a subsidiary company Kanoria Africa Textiles plc (KAT) incorporated in Ethiopia. The composite plant starting with spinning and ending with processing and final production of fabric was inaugurated in the year 2015. KAT aims to be a world class Denim producer with a range of products for the global textile market.

The operations, however, continue to face major challenges, including underdeveloped marketing and supply chain infrastructure. Industry is at a nascent stage in the country. Delivery schedules remain stressed with cycle time extending up to 150 days on account of difficulties in the availability of raw materials. Only 40% of the total needed raw materials are available in Ethiopia while 60% need to be imported. As compared to other countries, production in Ethiopia takes about 45 to 60 days longer.

The last five years has been extremely difficult for this business. It is yet to reach a break even state. Apart from removing some imbalances and bottlenecks, the Company has also entered garmenting and has installed 118 Garment stitching machines during the year 2018-19. Further, in a move to remove bottlenecks in the manufacturing process, two new Long Chain Beamer (LCB) machines have been installed. While these have partially mitigated some of the challenges many more remain. The Company is looking at alternative solutions to tackle these difficulties including induction of a strategic partner.

Ethiopia has the potential to be a major garmenting exporter as a result of government initiatives. The demand for denim fabrics, as well as margins on these fabrics, is expected to increase once these fabrics are converted



Denim Manufacturing Unit in Ethiopia, Africa

to garments within Ethiopia. The country enjoys the provisions of African Growth & Opportunity Act (AGOA) wherein it has duty free access to both US as well as European markets.

## AUTOMOTIVE & INDUSTRIAL ELECTRONICS

APAGCoSyst Electronic Control Systems, a subsidiary of the Company and engaged in the design, development, and manufacturing of electronic control units (ECUs) and LED-based concept or design lighting modules primarily for the automotive industry, took significant steps in its next phase of expansion.

The company launched a new production facility in Windsor, ON, Canada across the river from the automotive hub of the Detroit area in the United States. This facility will complement the core production facility in the Czech Republic to produce ECUs and lighting units designed at the respective design centres in Windsor, Canada and Nuremberg, Germany; as well as offer contract manufacturing for customers looking to manufacture quality printed circuit board assemblies. The Canada plant has already been awarded its first projects and is expected to start generating revenues in the latter part of the current fiscal year 2019-20.

As a group under APAG Holding AG, APAGCoSyst generated revenues of CHF 74'403'004 and an EBITDA of CHF 4'378'728 at 6% in the fiscal

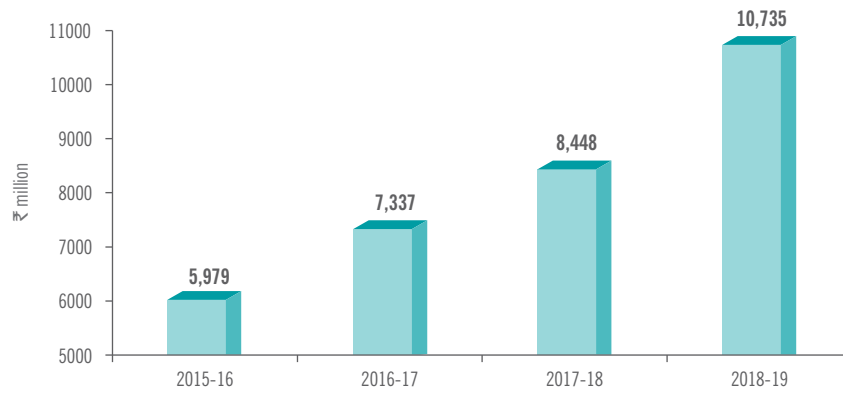
year 2018-19. Profitability temporarily suffered as compared to the prior year largely because of higher procurement-related costs caused by unprecedented shortages in the electronic components (raw materials) market, and expenses related to commencing operations in Canada. Sales and contracted future sales increased. With the electronic component market fast stabilising this year and Canada operations soon to generate revenue, the trajectory of the group is positive.



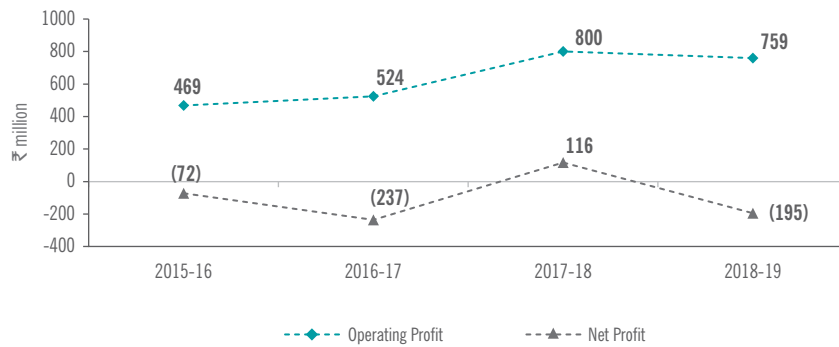
*New APAG CoSyst Facility - Windsor, Canada*

# VALUE

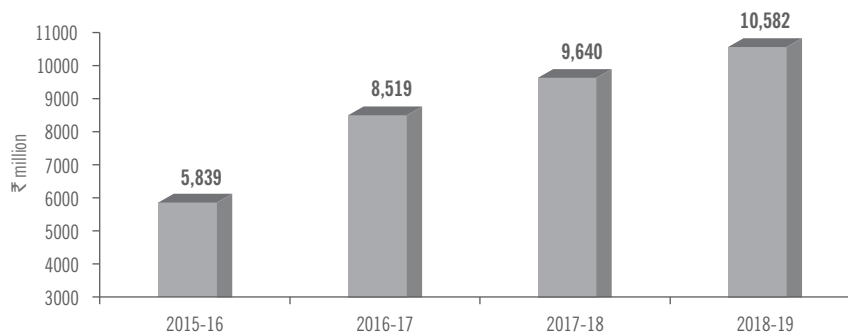
## REVENUE FROM OPERATIONS



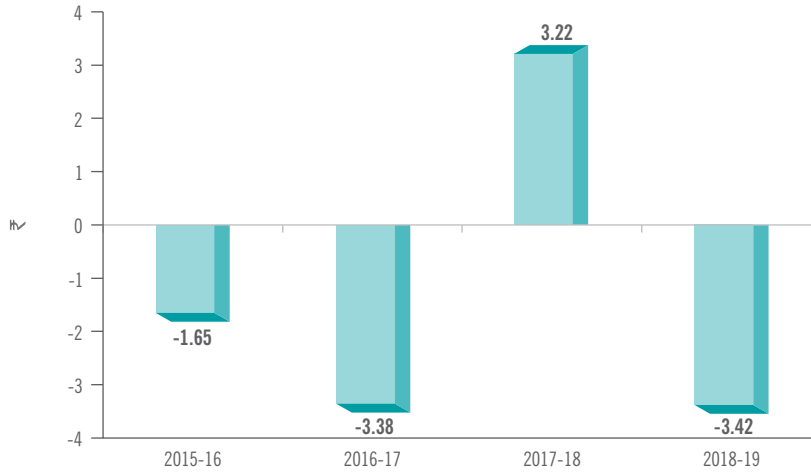
## OPERATING AND NET PROFIT



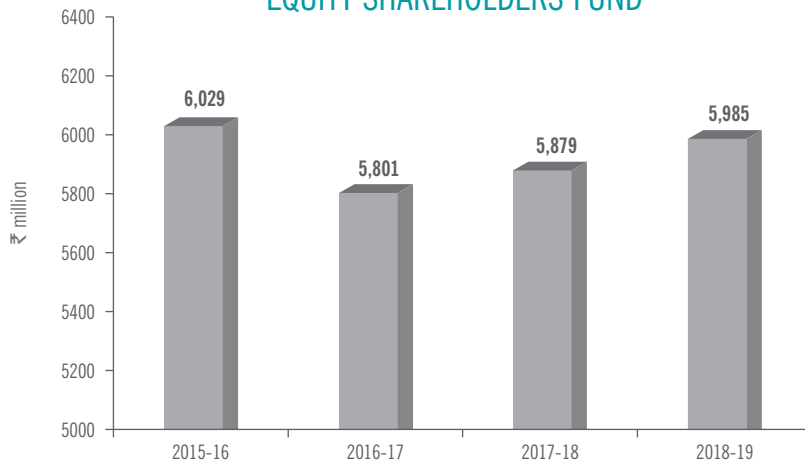
## GROSS BLOCK



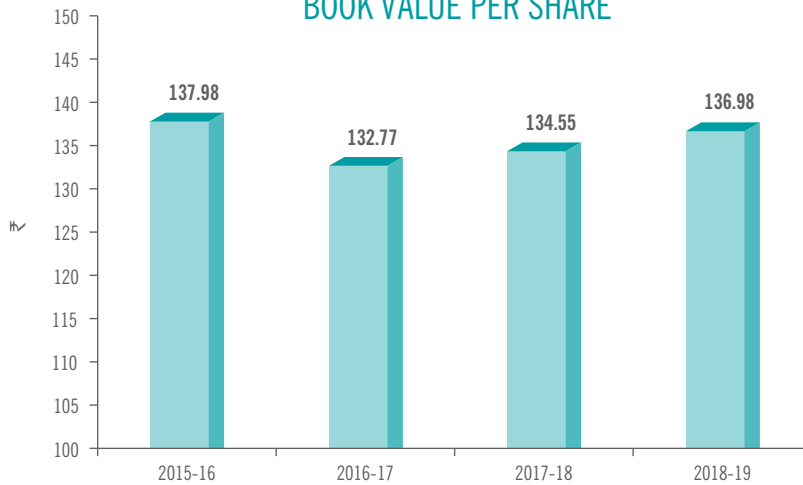
### EARNING PER SHARE



### EQUITY SHAREHOLDERS FUND



### BOOK VALUE PER SHARE



Figures pertain to consolidated financials

# DIRECTORS' REPORT

## TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the Fifty Ninth Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2019.

Detailed information on the performance of your Company appears in the Annual Report. A discussion on the operations of the Company is given in the sections titled 'The Year in Review' and 'New Frontiers'. Some of the statutory disclosures, however, appear in this Report. The Report, read along with the other sections, would provide a comprehensive overview of the Company's performance and plans.

## FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March 2019 is summarised below:

(Rs. in million)

| Particulars   | 2018-2019       | 2017-2018       |
|---|-----------------|-----------------|
| <b>Total Income</b>   | <b>4,608.21</b> | <b>3,701.22</b> |
| Profit before Depreciation, Finance Cost, Tax and Exceptional items | 399.26          | 364.87          |
| Depreciation and Amortisation expenses                              | 200.54          | 211.88          |
| Finance Costs   | 64.18           | 70.58           |
| Exceptional items   | 28.00           | -               |
| <b>Profit before Tax</b>  | <b>106.54</b>   | <b>82.41</b>    |
| Less: Tax expenses  | 30.04           | 26.41           |
| <b>Profit for the year</b>  | <b>76.50</b>    | <b>56.00</b>    |
| Other Comprehensive income for the year, net of tax                 | 0.77            | (23.84)         |
| Total Comprehensive income for the year                             | 75.73           | 32.16           |

## OVERVIEW

During the year under review, the Company's plants at Ankleshwar and Vizag continued to run efficiently despite the performance of the Company remaining under pressure with sluggish market conditions coupled with high volatility in the prices of key raw materials. Improved production efficiency in Alco Chemicals segment and development of value added new products have helped the Company withstand the pressures in the market.

Resin business continues to perform well and our focus is on further capacity utilization of the Resin plant at Vizag, Andhra Pradesh.

Establishment of a new Formaldehyde plant at Naidupeta, Andhra Pradesh is under progress.

In solar power segment, the operations remained stable. Solar power generation continues to be good.

A brief description of the operations of the subsidiaries of the Company appears later in this report.

## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the financial year 2018-19 till the date of this Report, which affect the financial position of the Company.

## DIVIDEND

The Board of Directors recommends, for consideration of the shareholders at the Annual General Meeting, Dividend @ 15% (Rs.0.75 per share) on Equity Shares of Rs. 5/- each for the financial year ended 31st March 2019.



## CREDIT RATINGS

CARE Ratings Limited (CARE) has reaffirmed CARE A+ (Single A Plus) rating for the long-term bank facilities of the Company.

CARE has also reaffirmed CARE A1+ (A One Plus) ratings for the short-term bank facilities and Commercial Paper.

## CONSOLIDATED FINANCIAL STATEMENT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and provisions of the Companies Act, 2013, the audited Consolidated Financial Statement for the year ended 31st March 2019 has been annexed with the Annual Report.

## DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and that as at the end of the year there were no outstanding deposits under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with respect to financial statements. The policies and procedures adopted by the Company ensure prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial statements. No reportable material weakness in the design or operation was observed during the year.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

In the 58th AGM of the Company held on 13th September 2018, the shareholders appointed Shri Sidharth Kumar Birla (DIN: 00004213) as an Independent Director, not liable to retire by rotation, for a period of 5 consecutive years with effect from 18th May 2018. In the same meeting, the shareholders also approved re-appointment of Shri R. V. Kanoria (DIN: 00003792) as the Managing Director of the Company for further period of three years with effect from 10th January 2018.

Prof. S. L. Rao (DIN: 00005675), Independent Director of the Company, resigned with effect from 21st August 2018 due to health reasons. The Board puts on records its deep appreciation for the valuable services and contribution received by the Company from Prof. S. L. Rao during his tenure with the Company.

During the year, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 13th February 2019, re-appointed Shri S. V. Kanoria (DIN: 02097441) as the Wholetime Director of the Company for further period of three years with effect from 1st April 2019 and also approved continuation of directorship of Shri G. Parthasarathy (DIN: 00068510), who was appointed as an Independent Director of the Company for a period of five years w.e.f. 5th September 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019 and who has attained the age of 75 years, for the remaining period of his existing tenure of directorship as Independent Director of the Company, pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended, subject to the approval of the shareholders of the Company.

The Shareholders have approved the said re-appointment of Shri S. V. Kanoria as the Wholetime Director of the Company and also continuation of directorship of Shri G. Parthasarathy for the remaining period of his existing tenure of directorship as Independent Director of the Company on 25th March 2019, by way of Postal Ballot.

The term of Shri A. Vellayan (DIN: 00148891), Shri Amitav Kothari, (DIN: 01097705), Shri H. K. Khaitan (DIN: 00220049), Shri G. Parthasarathy (DIN: 00068510) and Shri Ravinder Nath (DIN: 00062186), who were appointed as Independent Directors of the Company for a period of five years w.e.f. 5th September 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019, as Director of the Company expires at the ensuing 59th AGM of the Company.

Shri A. Vellayan, Shri Amitav Kothari, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath have given their consent to act as Directors and also declared to the Company that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 ("Act") and the Listing Regulations.

The Company has received notices in writing from shareholders under Section 160 of the Act, proposing re-appointment of Shri A. Vellayan, Shri Amitav Kothari, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath as Independent Directors of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors proposes to re-appoint of Shri A. Vellayan, Shri Amitav Kothari and Shri H. K. Khaitan at the ensuing AGM of the Company, as Independent Directors not liable to retire by rotation, for a period of 5 (five) consecutive years with effect from 4th September 2019. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors also proposes to re-appoint Shri G. Parthasarathy and Shri Ravinder Nath at the ensuing AGM of the Company, as Independent Directors not liable to retire by rotation, for a period of 3 (three) consecutive years with effect from 4th September 2019.

In the opinion of the Board, the said Directors fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations and are also independent of the Management. The necessary resolutions for their re-appointment as Independent Directors of the Company are being placed at the ensuing Annual General Meeting for the approval of the shareholders. The Board of Directors recommends passing of the respective resolutions for their re-appointment in the interest of the Company.

None of the Directors of the Company is disqualified for being appointed as a Director, as specified in sub-section (1) and (2) of Section 164 of the Act or is debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Smt. Madhuvanti Kanoria (DIN: 00142146) retires by rotation at the ensuing AGM under the applicable provisions of the Act and being eligible, offers herself for re-appointment as a Director of the Company.

Additional information, pursuant to the Listing Regulations and Secretarial Standard on General Meetings (SS2) of ICSI in respect of Directors seeking appointment/re-appointment is given in the AGM Notice of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company, confirming that they meet the criteria of independence, as prescribed under the Companies Act, 2013 and the Listing Regulations.

## PERFORMANCE EVALUATION

The Company has framed the criteria for performance evaluation of Independent Directors, the Board, the Board Committees and other individual Directors. Criteria for performance evaluation of the Chairman & Managing Director, Executive Director and Non-Independent Director have also been framed.

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity. The criteria for evaluating the Board's functioning/effectiveness inter alia includes its structure, strategic review, business performance review, internal controls, process and procedures.

On the basis of the criteria framed, a process was followed by the Board for evaluating the performance of individual Directors, its own performance and its Committees. The Nomination and Remuneration Committee also evaluated the performance of every individual Director. The Independent Directors in their separate Meeting also carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Directors expressed overall satisfaction on the performance and functioning of the Board, its Committees and the Directors.

## FAMILIARISATION PROGRAMMES

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/ procedures/ processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: [www.kanoriachem.com/images/FamPro.pdf](http://www.kanoriachem.com/images/FamPro.pdf).

## NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2018-19, the Company held four Meetings of the Board of Directors. The details of the Meetings and attendance of each of the Directors thereat are provided in the Report on Corporate Governance forming part of the Annual Report. The maximum gap between any two consecutive Board Meetings did not exceed 120 days.

## AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Shri Sidharth Kumar Birla. Independent Directors and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. Prof. S. L. Rao resigned as a Director of the Company with effect from 21st August 2018 and as such ceased to be a Member of the Committee. Shri Sidharth Kumar Birla was appointed as a Member of the Committee on 14th November 2018. The terms of reference of the Committee have been provided in the Corporate Governance Report.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria,

Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Prof. S. L. Rao, Chairman of the Committee, resigned as a Director of the Company with effect from 21st August 2018 and ceased to be a Member of the Committee and thereby Shri H. K. Khaitan was designated as the Chairman of the Committee on 14th November 2018. The terms of reference of the Committee have been provided in the Corporate Governance Report.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors' independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees, and the same may be accessed at the Company's website at the link: <http://www.kanoriachem.com/images/NomRemPol.pdf>.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises of Smt. Madhuvanti Kanoria, a Director, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

## CORPORATE SOCIAL RESPONSIBILITY

The Company acts as a good Corporate Citizen and as its philosophy always strive to conduct its business in inclusive, sustainable, socially responsible, ethical manner and to continuously work towards improving quality of life of the communities. The Company has in place a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The Corporate Social Responsibility Policy of the Company enables it to continue to make responsible contribution towards welfare of the society.

Primarily, the Company's focus will be on the following areas:

- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 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.
- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.

The Company may also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The CSR Policy may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/CSRPol.pdf>.

During the year, the Company has spent Rs. 1.90 million on the CSR activities.

The Annual Report on the CSR activities, pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as Annexure to this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

## SUBSIDIARIES

Pipri Limited is the wholly owned subsidiary of the Company. A Scheme of Amalgamation of Pipri Limited with the Company with effect from 1st April 2018 under Sections 230 and 232 of the Companies Act, 2013, has been filed with the Hon'ble National Company Law Tribunal (NCLT) and the same is pending.

During the year, the status of APAG Holding AG, Switzerland ("APAG") has changed from the wholly owned subsidiary of the Company to a subsidiary of the Company, on issue of further Equity Shares by APAG to a new investor. APAG Elektronik AG, APAG Elektronik s.r.o, CoSyst Control Systems GmbH, APAG Elektronik LLC and APAG Elektronik Corp. the wholly owned subsidiaries of APAG are the step down subsidiaries of the Company. Kanoria Africa Textiles Plc, Ethiopia ("KAT") is the other subsidiary of the Company.

During the year, APAG invested in a new production facility in Windsor, Canada. The plant was inaugurated in April, 2019 and will cater to the North American markets. As a group under APAG Holding AG, sales and contracted future sales have increased during the year. Compared to the prior year, profitability during the year was affected, largely on account of higher procurement costs caused by unprecedented shortages in the electronic components (raw materials) market and

investment related to commencing operations in Canada. With the electronic component market fast stabilizing this year and generation of revenue from Canada operations, the trajectory of the group is positive.

The operations at the integrated denim manufacturing unit of Kanoria Africa Textiles plc in Ethiopia continue to face major challenges, including underdeveloped marketing and supply chain infrastructure. The Company has made investments to improve the efficiencies and to add value by setting up a garmenting facility. While these have partially mitigated some of the challenges, many more remain. The Company is looking at alternative solutions to tackle these difficulties, including induction of a strategic partner.

Ethiopia, however, has the potential to be a major garmenting exporter as a result of government initiatives. The demand for denim fabrics, as well as margins on these fabrics, is expected to increase once these fabrics are converted to garments within Ethiopia. The country enjoys the provisions of African Growth & Opportunity Act (AGOA) wherein it has duty free access to both US as well as European markets.

A report on the performance and financial position of the subsidiaries of the Company, as per the Companies Act, 2013, is provided in the Annual Report and hence, the same is not repeated here for the sake of brevity.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/MatSub.pdf>.

## PARTICULARS OF INVESTMENTS MADE, LOAN GIVEN, GUARANTEES GIVEN AND SECURITIES PROVIDED

Details of investments made, loans given, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 6 and 37 of the Standalone Financial Statements.

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. None of the transactions with any of the related parties were in conflict with the Company's interest. The Company had not entered into any transaction with related parties during the year which could be considered material, in terms of materiality threshold for the related party transactions.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/RelPar.pdf>.

## VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors, employees and any other stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct or policies and leak or suspected leak of unpublished price sensitive information of the Company. The concerns may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. During the year under review, no employee was denied access to the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/WhiBlo.pdf>.

## CORPORATE GOVERNANCE

The Company adheres to good governance practices. Corporate Governance at KCI extends to all stakeholders and is embodied in every business decision. The Company places prime importance on reliable financial information, integrity, transparency, empowerment and compliance with the law in letter and spirit. While Management Discussion and Analysis Report that is an annexure to the Directors' Report, appears in the Section titled the Year in Review in the Annual Report, the Corporate Governance Report and the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance are annexed hereto and form a part of the Directors' Report.

There is a conscious effort to ensure that the values enshrined in the Codes of Conduct for the Directors and Senior Management Personnel and the Employees respectively, are followed in true spirit across all levels of the Company.

## EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company as on the financial year ended 31st March 2019 is given in Form no. MGT-9 as an Annexure to this Report.

## AUDITORS AND AUDITORS' REPORT

As per the provisions of Section 139 of the Companies Act, 2013, M/s. J K V S & Co., Chartered Accountants (Firm Registration No. 318086E) were appointed, at the 57th Annual General Meeting of the Company held on 4th September, 2017, as the Statutory Auditors of the Company for a term of 5 years commencing from the conclusion of the 57th AGM till the conclusion of the 62nd AGM. In this regard, the Company has received a Certificate from the Auditors to the effect that their continuation as Statutory Auditors, would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year ended 31st March, 2019 does not contain any qualification, reservation or adverse remark.

## FRAUD REPORTING

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

## COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013, the Board, on the recommendation of the Audit Committee, has approved the appointment of M/s N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), Ahmedabad, as the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2020, at a remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred in the course of cost audit.

## SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s Vinod Kothari & Co., Practising Company Secretaries (UIN: P1996WB042300), to conduct Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report for the financial year 2018-19 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

## RISK MANAGEMENT

The Company's management systems, organizational structures, processes, codes of conduct together form the basis of risk management system that governs and manages associated risks. The Risk Management Committee of the Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures. The Board does not foresee any risk which may threaten the existence of the Company.

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

As required under Section 134 of the Companies Act, 2013 and the rules framed thereunder, the statement containing necessary information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo is provided in the Annexure to this Report.

## EMPLOYEES INFORMATION AND RELATED DISCLOSURES

As required under Section 197(12) of the Companies Act, 2013 read with the Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures of remuneration and other details/particulars of the Directors and employees of the Company are provided in the Annexure to this Report.

## SAFETY AND ENVIRONMENT

The Company is committed to sustainable development and a safe workplace. Its approach to environment management is guided by the principle of provision of safe working environment through continuous up-gradation of technologies, prevention of pollution and conservation of resources and recycling waste.

As a result of its sustained compliance to Health, Safety, Environment and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar and Vishakhapatnam are ISO 9001 (quality management systems), ISO 14001 (environment management systems and practices) and OHSAS 18001 (organizational health and safety systems) certified. Both the Divisions are also RC 14001:2015 certified for implementation of responsible care management systems, recognizing and responding to community concerns related to products and its operations.

The Company has a documented Health & Safety Policy that is displayed and communicated to all employees at plant locations. With the view to achieve a 'Zero Accidents' status, the Company has developed health and safety procedures as well as safety targets and objectives.

The Company also lays thrust on renewable energy sources and solar energy.

## HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company's human resource development is founded on a strong set of values. The policies seek to instil spirit of trust, transparency and dignity among all employees. The Company continues to provide ongoing training to its employees at different levels.

Industrial relations with the employees and workers across all locations of the Company continued to be cordial during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31st March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken 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) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and are operating effectively; and
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has constituted a Complaints Redressal Committee to consider and resolve sexual harassment complaints reported by women. During the year under review, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and that there was no complaint pending at the end of the year.

## COMPLIANCE WITH SECRETARIAL STANDARDS

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

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

## ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the commitment and dedication of the employees for their untiring personal efforts as well as their collective contributions at all levels that have led to the growth and success of the Company. The Directors would like to thank other stakeholders including lenders and business associates who have continued to provide support and encouragement.

### Registered Office

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata 700 019  
Date: 27th May 2019

For and on behalf of the Board,

R. V. Kanoria  
Chairman & Managing Director  
DIN:00003792

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

|    |   |   |
|----|---|---|
| 1. | A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | Please refer to the Section on Corporate Social Responsibility in the Board's Report.                                 |
| 2. | The Composition of the CSR Committee  | Please refer to the Corporate Governance Report for the composition of the Corporate Social Responsibility Committee. |
| 3. | Average net profit of the Company for last three financial years  | Rs. 92.20 million   |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)  | Rs. 1.84 million  |
| 5. | Details of CSR spent during the financial year.   |   |
|    | (a) Total amount to be spent for the financial year;  | Rs. 1.90 million  |
|    | (b) Amount unspent, if any;   | NIL   |
|    | (c) Manner in which the amount spent during the financial year  | Details are given below.  |

| 1      | 2   | 3                                      | 4  | 5  | 6   | 7  | 8   |
|--------|---|--|--|--|---|--|---|
| Sl. No | CSR project or activity identified          | Sector in which the Project is covered | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and District where projects or programs were undertaken | Amount outlay (budget) project or program wise | Amount spent on the project or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or programs.<br>(2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency               |
| 1)     | Providing Quality Education in Rural School | Promotion of Education                 | 1) Local Area<br>Visakhapatnam<br>2) Parvada Mandal<br>Visakhapatnam<br>Andhra Pradesh   | Rs. 0.41 Million                               | Direct Expenditure<br>Rs. 0.41 million  | Rs. 0.41 Million                                 | Through implementing agency<br>M V Foundation,<br>Secunderabad    |
| 2)     | Providing Quality Education in Rural School | Promotion of Education                 | 1) Local Area<br>Visakhapatnam<br>2) Parvada Mandal<br>Visakhapatnam<br>Andhra Pradesh   | Rs. 0.03 Million                               | Direct Expenditure<br>Rs. 0.03 Million  | Rs. 0.03 Million                                 | Through implementing agency<br>M V Foundation,<br>Secunderabad    |
| 3)     | Ensuring Quality Education in Rural School  | Promotion of Education                 | 1) Local Area<br>Visakhapatnam<br>2) Parvada Mandal<br>Visakhapatnam<br>Andhra Pradesh   | Rs. 0.67 Million                               | Direct Expenditure<br>Rs. 0.67 Million  | Rs. 0.67 Million                                 | Through implementing agency<br>M V Foundation,<br>Secunderabad    |
| 4)     | Skill Development & Employment              | Promotion of Education                 | 1) Local Area<br>2) Vataria, Sengpur,<br>Motali, Sarangpur<br>Dist: Bharuch<br>Gujarat   | Rs. 0.69 Million                               | Direct Expenditure<br>Rs. 0.69 Million  | Rs. 0.69 Million                                 | Through implementing agency -<br>Bunyaad Foundation,<br>New Delhi |

| 1      | 2  | 3                                      | 4  | 5   | 6  | 7  | 8   |
|--------|--|--|--|---|--|--|---|
| Sl. No | CSR project or activity identified   | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken | Amount outlay (budget) project or program wise  | Amount spent on the project 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           |
| 5)     | Water Conservation under PPP Module- Deepening of Village Ponds  | Water Conservation                     | 1) Rural Area<br>2) Sengpur, Ankleshwar, Dist: Bharuch, Gujarat  | Rs. 0.10 Million  | Direct Expenditure<br>Rs. 0.10 million   | Rs. 0.10 Million                                 | Through – Collector, Bharuch, under Sujlam Suflam Jal Abhiyan |
|        | <b>Grand Total</b>   |  |  | <b>Rs. 1.90 million</b>   | <b>Rs. 1.90 million</b>  | <b>Rs. 1.90 million</b>                          |   |
| 6.     | Details of implementing agencies   |  |  | CSR projects are undertaken through NGOs/Associations such as 1. M. V. Foundation, Secunderabad, 2. Bunyaad Foundation, New Delhi and 3. through Collector, Bharuch.        |  |  |   |
| 7.     | In case the Company has failed to spend the 2% of the average net profit of the last three years or any part thereof, the Company shall provide reasons for not spending the amount in the Board Report. |  |  | NA  |  |  |   |
| 8.     | Responsibility Statement of the CSR Committee that the implementation and monitoring of Corporate Social Responsibility Policy is in compliance with CSR objectives and Policy of the Company.           |  |  | The CSR Committee confirms that the implementation and monitoring of Corporate Social Responsibility Policy is in compliance with CSR objectives and Policy of the Company. |  |  |   |

**Registered Office**

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May, 2019

Madhuvanti Kanoria  
Chairperson, CSR Committee  
DIN:00142146

R. V. Kanoria  
Chairman & Managing Director  
DIN:00003792



# ANNEXURE TO THE DIRECTORS' REPORT

## Form No. MGT-9 | EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2019

[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   | L24110WB1960PLC024910  |
| (ii)  | Registration Date   | 17.12.1960   |
| (iii) | Name of the Company   | KANORIA CHEMICALS AND INDUSTRIES LIMITED   |
| (iv)  | Category / Sub-Category of the Company                                    | PUBLIC LIMITED COMPANY/LIMITED BY SHARES   |
| (v)   | Address of the Registered office and contact details                      | "KCI PLAZA", 6TH FLOOR<br>23C,ASHUTOSH CHOWDHURY AVENUE<br>KOLKATA -700019<br>PHONE : (033) 4031 3200                              |
| (vi)  | Whether listed company (Yes / No)   | YES  |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | C B MANAGEMENT SERVICES PVT LTD<br>P-22, BONDEL ROAD, KOLKATA - 700019<br>PHONE : (033) 40116700 / 2280 6692, FAX : (033) 40116739 |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are stated below:-

| Sl. No. | Name and Description of main products/Services | NIC Code of the Product/Service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Formaldehyde 37%                               | 20119                           | 41.93                              |
| 2       | Pentaerithritol                                | 20119                           | 23.96                              |
| 3       | Hexamine                                       | 20119                           | 18.58                              |

### 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       | Vardhan Limited<br>KCI Plaza,7th Floor<br>23C Ashutosh Chowdhury Avenue<br>Kolkata- 700 019 | U14293WB1947PLC015833 | Holding                                    | 59.94%           | 2(46)              |
| 2       | Pipri Limited<br>Park Plaza,South Block<br>71 Park Street<br>Kolkata-700 016                | U67120WB1977PLC031082 | Subsidiary                                 | 100%             | 2(87)              |
| 3       | APAG Holding AG<br>Zentrum Staldenbach 13<br>8808 Dübendorf<br>Switzerland                  |                       | Foreign Subsidiary                         | 80%              | 2(87)              |
| 4       | APAG Elektronik AG<br>Ringstrasse 14<br>8600 Dübendorf<br>Switzerland                       |                       | Wholly owned subsidiary of APAG Holding AG | -                | 2(87)              |
| 5       | APAG Elektronik s.r.o.<br>U Panasonic 396<br>530 06 Pardubice<br>Czech Republic             |                       | Wholly owned subsidiary of APAG Holding AG | -                | 2(87)              |

| Sl. No. | Name and Address of the Company  | CIN/GLN | Holding/Subsidiary / Associate             | % of shares held | Applicable Section |
|---------|--|---------|--|------------------|--------------------|
| 6       | CoSyst Control Systems GmbH<br>Martin-Albert Str. 1, 90491 Nürnberg Germany  |         | Wholly owned subsidiary of APAG Holding AG | -                | 2(87)              |
| 7       | APAG Elektronik LLC<br>2675 Bellingham Dr Troy, MI 48083, United States  |         | Wholly owned subsidiary of APAG Holding AG | -                | 2(87)              |
| 8       | APAG Elektronik Corp.<br>100 Ouellette Avenue, 1300 Windsor, Ontario Canada N9A 6T3.   |         | Wholly owned subsidiary of APAG Holding AG | -                | 2(87)              |
| 9       | Kanoria Africa Textiles PLC<br>Kirkos Sub City Woreda 09, House No. 687<br>Amanelwa Building, Room No. 403, Wello Sefer<br>Addis Ababa, Ethiopia |         | Foreign Subsidiary                         | 84.45%           | 2(87)              |

#### IV. SHARE HOLDING 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<br>(As on 01.04.2018) |               |                   |                   | No. of Shares held at the end of the year<br>(As on 31.03.2019) |               |                   |                   | % Change during the year |
|---|---|---------------|-------------------|-------------------|---|---------------|-------------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total             | % of Total Shares | Demat   | Physical      | Total             | % of Total Shares |                          |
| <b>A. PROMOTERS</b>   |   |               |                   |                   |   |               |                   |                   |                          |
| <b>(1) INDIAN</b>   |   |               |                   |                   |   |               |                   |                   |                          |
| (a) Individual / HUF  | 1,528,386   | 0             | 1,528,386         | 3.50              | 1,528,386   | 0             | 1,528,386         | 3.50              | 0.00                     |
| (b) Central Govt.   | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (c) State Govt.(s)  | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (d) Bodies Corporate  | 30,555,899  | 0             | 30,555,899        | 69.93             | 30,555,899  | 0             | 30,555,899        | 69.93             | 0.00                     |
| (e) Banks / FI  | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (f) Any Other (Specify)                                       | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| <b>Sub-total (A) (1)</b>                                      | <b>32,084,285</b>   | <b>0</b>      | <b>32,084,285</b> | <b>73.43</b>      | <b>32,084,285</b>   | <b>0</b>      | <b>32,084,285</b> | <b>73.43</b>      | <b>0.00</b>              |
| <b>(2) FOREIGN</b>  |   |               |                   |                   |   |               |                   |                   |                          |
| (a) NRIs – Individuals  | 434,739   | 0             | 434,739           | 0.99              | 434,739   | 0             | 434,739           | 0.99              | 0.00                     |
| (b) Other – Individuals                                       | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (c) Bodies Corporate  | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (d) Bank / FI   | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (e) Any Other (Specify)                                       | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| <b>Sub-total (A) (2)</b>                                      | <b>434,739</b>  | <b>0</b>      | <b>434,739</b>    | <b>0.99</b>       | <b>434,739</b>  | <b>0</b>      | <b>434,739</b>    | <b>0.99</b>       | <b>0.00</b>              |
| <b>Total Shareholding of Promoter (A) = (A) (1) + (A) (2)</b> | <b>32,519,024</b>   | <b>0</b>      | <b>32,519,024</b> | <b>74.43</b>      | <b>32,519,024</b>   | <b>0</b>      | <b>32,519,024</b> | <b>74.43</b>      | <b>0.00</b>              |
| <b>B. PUBLIC SHAREHOLDING</b>                                 |   |               |                   |                   |   |               |                   |                   |                          |
| <b>(1) INSTITUTIONS</b>                                       |   |               |                   |                   |   |               |                   |                   |                          |
| (a) Mutual Funds  | 2,100   | 27,000        | 29,100            | 0.07              | 2,700   | 26,400        | 29,100            | 0.07              | 0.00                     |
| (b) Banks / FI  | 55,230  | 1,125         | 56,355            | 0.13              | 47,919  | 1,125         | 49,044            | 0.11              | (0.02)                   |
| (c) Central Govt.   | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (d) State Govt.(s)  | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (e) Venture Capital Funds                                     | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (f) Insurance Companies                                       | 2,000   | 0             | 2,000             | 0.00              | 2,000   | 0             | 2,000             | 0.00              | 0.00                     |
| (g) FIs   | 0   | 18,000        | 18,000            | 0.04              | 0   | 18,000        | 18,000            | 0.04              | 0.00                     |
| (h) Foreign Venture Capital Funds                             | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| (i) Any Other (Specify)                                       | 0   | 0             | 0                 | 0.00              | 0   | 0             | 0                 | 0.00              | 0.00                     |
| <b>Sub-total (B) (1)</b>                                      | <b>59,330</b>   | <b>46,125</b> | <b>105,455</b>    | <b>0.24</b>       | <b>52,619</b>   | <b>45,525</b> | <b>98,144</b>     | <b>0.22</b>       | <b>(0.02)</b>            |

| Category of Shareholders  | No. of Shares held at the beginning of the year<br>(As on 01.04.2018) |                |                   |                   | No. of Shares held at the end of the year<br>(As on 31.03.2019) |                |                   |                   | % Change during the year |
|---|---|----------------|-------------------|-------------------|---|----------------|-------------------|-------------------|--------------------------|
|   | Demat   | Physical       | Total             | % of Total Shares | Demat   | Physical       | Total             | % of Total Shares |                          |
| <b>(2) NON - INSTITUTIONS</b>   |   |                |                   |                   |   |                |                   |                   |                          |
| <b>(a) Bodies Corporate</b>   |   |                |                   |                   |   |                |                   |                   |                          |
| (i) Indian  | 1,454,266   | 37,278         | 1,491,544         | 3.41              | 1,217,541   | 37,278         | 1,254,819         | 2.87              | (0.54)                   |
| (ii) Overseas   | 0   | 0              | 0                 | 0.00              | 0   | 0              | 0                 | 0.00              | 0.00                     |
| <b>(b) Individuals</b>  |   |                |                   |                   |   |                |                   |                   |                          |
| (i) Individual shareholders holding nominal capital upto Rs. 1 lakh               | 7,558,760   | 369,383        | 7,928,143         | 18.14             | 7,534,848   | 298,999        | 7,833,847         | 17.93             | (0.21)                   |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 1,046,619   | 30,000         | 1,076,619         | 2.47              | 1,459,403   | 30,000         | 1,489,403         | 3.41              | 0.94                     |
| <b>(c) Any Other (Specify)</b>  | 0   | 0              | 0                 | 0                 | 0   | 0              | 0                 | 0                 | 0                        |
| NRI   | 315,974   | 21,945         | 337,919           | 0.77              | 264,399   | 21,945         | 286,344           | 0.66              | (0.11)                   |
| Clearing Members  | 55,438  | 0              | 55,438            | 0.13              | 14,574  | 0              | 14,574            | 0.03              | (0.10)                   |
| Trust   | 100   | 0              | 100               | 0.00              | 100   | 0              | 100               | 0.00              | 0.00                     |
| Other Directors & Relatives   | 15,214  | 1              | 15,215            | 0.03              | 15,229  | 1              | 15,230            | 0.03              | 0.00                     |
| Investor Education and Protection Fund  | 112,846   | 0              | 112,846           | 0.26              | 130,818   | 0              | 130,818           | 0.30              | 0.04                     |
| Unclaimed Suspense A/c  | 51,030  | 0              | 51,030            | 0.12              | 51,030  | 0              | 51,030            | 0.12              | 0.00                     |
| <b>Sub-total (B) (2)</b>  | <b>10,610,247</b>   | <b>458,607</b> | <b>11,068,854</b> | <b>25.33</b>      | <b>10,687,942</b>   | <b>388,223</b> | <b>11,076,165</b> | <b>25.35</b>      | <b>0.02</b>              |
| <b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>                          | <b>10,669,577</b>   | <b>504,732</b> | <b>11,174,309</b> | <b>25.57</b>      | <b>10,740,561</b>   | <b>433,748</b> | <b>11,174,309</b> | <b>25.57</b>      | <b>0.00</b>              |
| <b>C. SHARES HELD BY CUSTODIANS FOR GDRs &amp; ADRs</b>                           | 0   | 0              | 0                 | 0.00              | 0   | 0              | 0                 | 0.00              | 0.00                     |
| <b>GRAND TOTAL (A + B + C)</b>  | <b>43,188,601</b>   | <b>504,732</b> | <b>43,693,333</b> | <b>100.00</b>     | <b>43,259,585</b>   | <b>433,748</b> | <b>43,693,333</b> | <b>100.00</b>     | <b>0.00</b>              |

## (ii) Shareholding of Promoters and Promoter Group

| Sl. No. | Shareholder's Name                | Shareholding at the beginning of the year<br>(As on 01.04.2018) |                                  |  | Shareholding at the end of the year<br>(As on 31.03.2019) |                                  |  | % Change in shareholding during the year |
|---------|-----------------------------------|---|----------------------------------|--|---|----------------------------------|--|--|
|         |                                   | No. of Shares   | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of Shares   | % of total shares of the Company | % of shares pledged / encumbered to total shares |  |
| 1       | Vardhan Limited                   | 26,190,872  | 59.94                            | 0.00   | 26,190,872  | 59.94                            | 0.00   | 0.00                                     |
| 2       | Rajya Vardhan Kanoria             | 461,481   | 1.06                             | 0.00   | 461,481   | 1.06                             | 0.00   | 0.00                                     |
| 3       | R V Investment & Dealers Ltd      | 3,210,120   | 7.35                             | 0.00   | 3,210,120   | 7.35                             | 0.00   | 0.00                                     |
| 4       | Kirtivardhan Finvest Services Ltd | 1,154,907   | 2.64                             | 0.00   | 1,154,907   | 2.64                             | 0.00   | 0.00                                     |
| 5       | Saumya Vardhan Kanoria            | 556,440   | 1.27                             | 0.00   | 556,440   | 1.27                             | 0.00   | 0.00                                     |
| 6       | Anand Vardhan Kanoria             | 434,739   | 0.99                             | 0.00   | 434,739   | 0.99                             | 0.00   | 0.00                                     |
| 7       | Sheela Devi Kanoria               | 12,144  | 0.03                             | 0.00   | 12,144  | 0.03                             | 0.00   | 0.00                                     |
| 8       | Madhuvanti Kanoria                | 498,321   | 1.14                             | 0.00   | 498,321   | 1.14                             | 0.00   | 0.00                                     |
|         | <b>Total</b>                      | <b>32,519,024</b>   | <b>74.43</b>                     | <b>0.00</b>                                      | <b>32,519,024</b>   | <b>74.43</b>                     | <b>0.00</b>                                      | <b>0.00</b>                              |

## (iii) Change in Promoters' Shareholding

| Sl. No. |   | Shareholding at the beginning of the year<br>(As on 01.04.2018) |                                  | Cumulative Shareholding during the year<br>(As on 31.03.2019) |                                  |
|---------|---|---|----------------------------------|---|----------------------------------|
|         |   | No of Shares  | % of total shares of the Company | No of Shares  | % of total shares of the Company |
|         | At the beginning of the year  | 32,519,024  | 74.43                            |   |                                  |
|         | Date wise increase / decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | No change during the year                                       |                                  |   |                                  |
|         | At the end of the year  |   |                                  | 32,519,024  | 74.43                            |

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

| Sl. No. | Name  | Shareholding  |                                  | Date   | Increase/Decrease in Shareholding                                   | Reason   | Cumulative Shareholding during the year<br>(01.04.2018 to 31.03.2019)                  |  |
|---------|---|---|----------------------------------|--|---|--|--|--|
|         |   | No. of Shares at the beginning (01.04.2018)/ end of the year (31.03.2019) | % of total Shares of the Company |  |   |  | No. of Shares  | % of total shares of the Company                                 |
| 1       | Chartered Finance & Leasing Ltd.                        | 350,000<br>350,000  | 0.80<br>0.80                     | 01.04.2018<br>31.03.2019   |   | NIL movement during the year   | 350,000  | 0.80   |
| 2       | Poonam Arora *  | 0   | 0.00                             | 01.04.2018<br>14.12.2018<br>21.12.2018<br>28.12.2018<br>04.01.2019<br>11.01.2019<br>18.01.2019<br>25.01.2019<br>31.03.2019 | <br>32,214<br>49,137<br>38,784<br>6,000<br>4,000<br>56,938<br>5,000 | <br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer | <br>32,214<br>81,351<br>120,135<br>126,135<br>130,135<br>187,073<br>192,073<br>192,073 | <br>0.07<br>0.19<br>0.27<br>0.29<br>0.30<br>0.43<br>0.44<br>0.44 |
| 3       | Sanjeev Bubna   | 169,757<br>169,757  | 0.39<br>0.39                     | 01.04.2018<br>31.03.2019   |   | NIL movement during the year   | 169,757  | 0.39   |
| 4       | Monet Securities Private Ltd                            | 154,758<br>154,758  | 0.35<br>0.35                     | 01.04.2018<br>31.03.2019   |   | NIL movement during the year   | 154,758  | 0.35   |
| 5       | Narender Kumar Arora *                                  | 0   | 0.00                             | 01.04.2018<br>21.09.2018<br>14.12.2018<br>21.12.2018<br>25.01.2019<br>01.02.2019<br>08.02.2019<br>22.03.2019<br>31.03.2019 | <br>19,831<br>1,500<br>113,176<br>2,000<br>2,021<br>1,500<br>1,530  | <br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer | <br>19,831<br>21,331<br>134,507<br>136,507<br>138,528<br>140,028<br>141,558<br>141,558 | <br>0.05<br>0.05<br>0.31<br>0.31<br>0.32<br>0.32<br>0.32<br>0.32 |
| 6       | Prabhala Srinivas                                       | 134,400<br>134,400  | 0.31<br>0.31                     | 01.04.2018<br>31.03.2019   |   | NIL movement during the year   | 134,400  | 0.31   |
| 7       | Anantroop Financial Advisory Services Private Limited * | 0<br>100,000  | 0.00<br>0.23                     | 01.04.2018<br>05.10.2018<br>31.03.2019   | <br>100,000   | <br>Transfer   | <br>100,000<br>100,000   | <br>0.23<br>0.23   |
| 8       | Panna K Mehta   | 90,000<br>90,000  | 0.21<br>0.21                     | 01.04.2018<br>31.03.2019   |   | NIL movement during the year   | 90,000   | 0.21   |
| 9       | IL and FS Securities Services Limited                   | 73,054  | 0.17                             | 01.04.2018<br>06.04.2018<br>13.04.2018<br>20.04.2018   | <br>4,636<br>-6,095<br>-6,155                                       | <br>Transfer<br>Transfer<br>Transfer   | <br>77,690<br>71,595<br>65,440   | <br>0.18<br>0.16<br>0.15   |

| Sl. No. | Name        | Shareholding  |                                  | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|---------|-------------|---|----------------------------------|------------|------------------------------------|----------|--|----------------------------------|
|         |             | No. of Shares at the beginning (01.04.2018)/ end of the year (31.03.2019) | % of total Shares of the Company |            |                                    |          | No. of Shares  | % of total shares of the Company |
|         |             |   |                                  | 27.04.2018 | 1,776                              | Transfer | 67,216   | 0.15                             |
|         |             |   |                                  | 04.05.2018 | -1,300                             | Transfer | 65,916   | 0.15                             |
|         |             |   |                                  | 11.05.2018 | 177                                | Transfer | 66,093   | 0.15                             |
|         |             |   |                                  | 18.05.2018 | 8,338                              | Transfer | 74,431   | 0.17                             |
|         |             |   |                                  | 25.05.2018 | 100                                | Transfer | 74,531   | 0.17                             |
|         |             |   |                                  | 01.06.2018 | 3,450                              | Transfer | 77,981   | 0.18                             |
|         |             |   |                                  | 08.06.2018 | -5,896                             | Transfer | 72,085   | 0.16                             |
|         |             |   |                                  | 15.06.2018 | -1,573                             | Transfer | 70,512   | 0.16                             |
|         |             |   |                                  | 22.06.2018 | 1,900                              | Transfer | 72,412   | 0.17                             |
|         |             |   |                                  | 29.06.2018 | 300                                | Transfer | 72,712   | 0.17                             |
|         |             |   |                                  | 06.07.2018 | -2,905                             | Transfer | 69,807   | 0.16                             |
|         |             |   |                                  | 13.07.2018 | 7,212                              | Transfer | 77,019   | 0.18                             |
|         |             |   |                                  | 20.07.2018 | -4,427                             | Transfer | 72,592   | 0.17                             |
|         |             |   |                                  | 27.07.2018 | -216                               | Transfer | 72,376   | 0.17                             |
|         |             |   |                                  | 03.08.2018 | -100                               | Transfer | 72,276   | 0.17                             |
|         |             |   |                                  | 10.08.2018 | -5,980                             | Transfer | 66,296   | 0.15                             |
|         |             |   |                                  | 17.08.2018 | 2,754                              | Transfer | 69,050   | 0.16                             |
|         |             |   |                                  | 24.08.2018 | 6,873                              | Transfer | 75,923   | 0.17                             |
|         |             |   |                                  | 31.08.2018 | -1,000                             | Transfer | 74,923   | 0.17                             |
|         |             |   |                                  | 06.09.2018 | 12,100                             | Transfer | 87,023   | 0.20                             |
|         |             |   |                                  | 21.09.2018 | -599                               | Transfer | 86,424   | 0.20                             |
|         |             |   |                                  | 28.09.2018 | 2,332                              | Transfer | 88,756   | 0.20                             |
|         |             |   |                                  | 29.09.2018 | -3,272                             | Transfer | 85,484   | 0.20                             |
|         |             |   |                                  | 05.10.2018 | -200                               | Transfer | 85,284   | 0.20                             |
|         |             |   |                                  | 12.10.2018 | -580                               | Transfer | 84,704   | 0.19                             |
|         |             |   |                                  | 26.10.2018 | 2,818                              | Transfer | 87,522   | 0.20                             |
|         |             |   |                                  | 02.11.2018 | -7,161                             | Transfer | 80,361   | 0.18                             |
|         |             |   |                                  | 16.11.2018 | 813                                | Transfer | 81,174   | 0.19                             |
|         |             |   |                                  | 23.11.2018 | -9,112                             | Transfer | 72,062   | 0.16                             |
|         |             |   |                                  | 30.11.2018 | 6,176                              | Transfer | 78,238   | 0.18                             |
|         |             |   |                                  | 07.12.2018 | -2,683                             | Transfer | 75,555   | 0.17                             |
|         |             |   |                                  | 14.12.2018 | -8,728                             | Transfer | 66,827   | 0.15                             |
|         |             |   |                                  | 21.12.2018 | 531                                | Transfer | 67,358   | 0.15                             |
|         |             |   |                                  | 28.12.2018 | -951                               | Transfer | 66,407   | 0.15                             |
|         |             |   |                                  | 04.01.2019 | 24                                 | Transfer | 66,431   | 0.15                             |
|         |             |   |                                  | 11.01.2019 | -8,000                             | Transfer | 58,431   | 0.13                             |
|         |             |   |                                  | 18.01.2019 | 3,038                              | Transfer | 61,469   | 0.14                             |
|         |             |   |                                  | 25.01.2019 | 6,254                              | Transfer | 67,723   | 0.15                             |
|         |             |   |                                  | 01.02.2019 | 1,728                              | Transfer | 69,451   | 0.16                             |
|         |             |   |                                  | 08.02.2019 | -1,786                             | Transfer | 67,665   | 0.15                             |
|         |             |   |                                  | 15.02.2019 | -1,015                             | Transfer | 66,650   | 0.15                             |
|         |             |   |                                  | 22.02.2019 | -1,905                             | Transfer | 64,745   | 0.15                             |
|         |             |   |                                  | 01.03.2019 | 433                                | Transfer | 65,178   | 0.15                             |
|         |             |   |                                  | 08.03.2019 | 690                                | Transfer | 65,868   | 0.15                             |
|         |             |   |                                  | 15.03.2019 | -7,068                             | Transfer | 58,800   | 0.13                             |
|         |             |   |                                  | 22.03.2019 | 2,482                              | Transfer | 61,282   | 0.14                             |
|         |             |   |                                  | 29.03.2019 | -1,591                             | Transfer | 59,691   | 0.14                             |
|         |             |   |                                  | 30.03.2019 | -500                               | Transfer | 59,191   | 0.14                             |
|         |             | 59,191  | 0.14                             | 31.03.2019 |                                    |          | 59,191   | 0.14                             |
| 10      | G Shankar * | 0   | 0.00                             | 01.04.2018 |                                    |          |  |                                  |
|         |             |   |                                  | 17.08.2018 | 8,370                              | Transfer | 8,370  | 0.02                             |
|         |             |   |                                  | 24.08.2018 | 13,880                             | Transfer | 22,250   | 0.05                             |
|         |             |   |                                  | 31.08.2018 | 6,700                              | Transfer | 28,950   | 0.07                             |
|         |             |   |                                  | 14.09.2018 | 9,650                              | Transfer | 38,600   | 0.09                             |
|         |             |   |                                  | 21.09.2018 | 4,500                              | Transfer | 43,100   | 0.10                             |
|         |             |   |                                  | 28.09.2018 | 450                                | Transfer | 43,550   | 0.10                             |

| Sl. No. | Name                               | Shareholding  |                                  | Date       | Increase/ Decrease in Shareholding | Reason                       | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|---------|------------------------------------|---|----------------------------------|------------|------------------------------------|------------------------------|--|----------------------------------|
|         |                                    | No. of Shares at the beginning (01.04.2018)/ end of the year (31.03.2019) | % of total Shares of the Company |            |                                    |                              | No. of Shares  | % of total shares of the Company |
|         |                                    |   |                                  |            |                                    |                              |  |                                  |
|         |                                    |   |                                  | 12.10.2018 | 1,520                              | Transfer                     | 45,070   | 0.10                             |
|         |                                    |   |                                  | 02.11.2018 | 2,699                              | Transfer                     | 47,769   | 0.11                             |
|         |                                    |   |                                  | 21.12.2018 | -4,054                             | Transfer                     | 43,715   | 0.10                             |
|         |                                    |   |                                  | 11.01.2019 | -6,275                             | Transfer                     | 37,440   | 0.09                             |
|         |                                    |   |                                  | 01.03.2019 | 750                                | Transfer                     | 38,190   | 0.09                             |
|         |                                    |   |                                  | 08.03.2019 | 2,625                              | Transfer                     | 40,815   | 0.09                             |
|         |                                    |   |                                  | 15.03.2019 | 10,916                             | Transfer                     | 51,731   | 0.12                             |
|         |                                    |   |                                  | 22.03.2019 | 5,027                              | Transfer                     | 56,758   | 0.13                             |
|         |                                    | 56,758  | 0.13                             | 31.03.2019 |                                    |                              | 56,758   | 0.13                             |
| 11      | Atam Kumar **                      | 50,426  | 0.12                             | 01.04.2018 |                                    | NIL movement during the year | 50,426   | 0.12                             |
|         |                                    | 50,426  | 0.12                             | 31.03.2019 |                                    |                              |  |                                  |
| 12      | Saifuddin Fakhruddin Miyajiwala ** | 50,246  | 0.11                             | 01.04.2018 |                                    |                              |  |                                  |
|         |                                    |   |                                  | 14.12.2018 | -200                               | Transfer                     | 50,046   | 0.11                             |
|         |                                    | 50,046  | 0.11                             | 31.03.2019 |                                    |                              | 50,046   | 0.11                             |
| 13      | Guruduth Cookemane Shankar **      | 50,000  | 0.11                             | 01.04.2018 |                                    | NIL movement during the year | 50,000   | 0.11                             |
|         |                                    | 50,000  | 0.11                             | 31.03.2019 |                                    |                              |  |                                  |
| 14      | Angel Broking Private Limited **   | 66,688  | 0.15                             | 01.04.2018 |                                    |                              |  |                                  |
|         |                                    |   |                                  | 06.04.2018 | -4,137                             | Transfer                     | 62,551   | 0.14                             |
|         |                                    |   |                                  | 13.04.2018 | -1,573                             | Transfer                     | 60,978   | 0.14                             |
|         |                                    |   |                                  | 20.04.2018 | 1,276                              | Transfer                     | 62,254   | 0.14                             |
|         |                                    |   |                                  | 27.04.2018 | -9,824                             | Transfer                     | 52,430   | 0.12                             |
|         |                                    |   |                                  | 04.05.2018 | -581                               | Transfer                     | 51,849   | 0.12                             |
|         |                                    |   |                                  | 11.05.2018 | 98                                 | Transfer                     | 51,947   | 0.12                             |
|         |                                    |   |                                  | 18.05.2018 | -14,122                            | Transfer                     | 37,825   | 0.09                             |
|         |                                    |   |                                  | 25.05.2018 | -1,569                             | Transfer                     | 36,256   | 0.08                             |
|         |                                    |   |                                  | 01.06.2018 | -5,838                             | Transfer                     | 30,418   | 0.07                             |
|         |                                    |   |                                  | 08.06.2018 | 663                                | Transfer                     | 31,081   | 0.07                             |
|         |                                    |   |                                  | 15.06.2018 | -2,546                             | Transfer                     | 28,535   | 0.07                             |
|         |                                    |   |                                  | 22.06.2018 | 1,048                              | Transfer                     | 29,583   | 0.07                             |
|         |                                    |   |                                  | 29.06.2018 | 867                                | Transfer                     | 30,450   | 0.07                             |
|         |                                    |   |                                  | 06.07.2018 | -786                               | Transfer                     | 29,664   | 0.07                             |
|         |                                    |   |                                  | 13.07.2018 | 428                                | Transfer                     | 30,092   | 0.07                             |
|         |                                    |   |                                  | 20.07.2018 | -1,434                             | Transfer                     | 28,658   | 0.07                             |
|         |                                    |   |                                  | 27.07.2018 | -179                               | Transfer                     | 28,479   | 0.07                             |
|         |                                    |   |                                  | 03.08.2018 | 1,716                              | Transfer                     | 30,195   | 0.07                             |
|         |                                    |   |                                  | 10.08.2018 | 8,963                              | Transfer                     | 39,158   | 0.09                             |
|         |                                    |   |                                  | 17.08.2018 | 5,433                              | Transfer                     | 44,591   | 0.10                             |
|         |                                    |   |                                  | 24.08.2018 | 563                                | Transfer                     | 45,154   | 0.10                             |
|         |                                    |   |                                  | 31.08.2018 | -817                               | Transfer                     | 44,337   | 0.10                             |
|         |                                    |   |                                  | 06.09.2018 | -2,804                             | Transfer                     | 41,533   | 0.10                             |
|         |                                    |   |                                  | 07.09.2018 | -330                               | Transfer                     | 41,203   | 0.09                             |
|         |                                    |   |                                  | 14.09.2018 | -1,090                             | Transfer                     | 40,113   | 0.09                             |
|         |                                    |   |                                  | 21.09.2018 | -376                               | Transfer                     | 39,737   | 0.09                             |
|         |                                    |   |                                  | 28.09.2018 | 131                                | Transfer                     | 39,868   | 0.09                             |
|         |                                    |   |                                  | 05.10.2018 | 1,290                              | Transfer                     | 41,158   | 0.09                             |
|         |                                    |   |                                  | 12.10.2018 | -496                               | Transfer                     | 40,662   | 0.09                             |
|         |                                    |   |                                  | 19.10.2018 | 1,080                              | Transfer                     | 41,742   | 0.10                             |
|         |                                    |   |                                  | 26.10.2018 | 3,865                              | Transfer                     | 45,607   | 0.10                             |
|         |                                    |   |                                  | 02.11.2018 | -7,508                             | Transfer                     | 38,099   | 0.09                             |
|         |                                    |   |                                  | 09.11.2018 | 99                                 | Transfer                     | 38,198   | 0.09                             |
|         |                                    |   |                                  | 16.11.2018 | -1,787                             | Transfer                     | 36,411   | 0.08                             |
|         |                                    |   |                                  | 23.11.2018 | 160                                | Transfer                     | 36,571   | 0.08                             |
|         |                                    |   |                                  | 30.11.2018 | -1,246                             | Transfer                     | 35,325   | 0.08                             |
|         |                                    |   |                                  | 07.12.2018 | -4,218                             | Transfer                     | 31,107   | 0.07                             |
|         |                                    |   |                                  | 14.12.2018 | 3,137                              | Transfer                     | 34,244   | 0.08                             |

| Sl. No. | Name                                 | Shareholding   |                                  | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|---------|--------------------------------------|--|----------------------------------|------------|------------------------------------|----------|--|----------------------------------|
|         |                                      | No. of Shares at the beginning (01.04. 2018)/ end of the year (31.03.2019) | % of total Shares of the Company |            |                                    |          | No. of Shares  | % of total shares of the Company |
|         |                                      |  |                                  |            |                                    |          |  |                                  |
|         |                                      |  |                                  | 21.12.2018 | 5,037                              | Transfer | 39,281   | 0.09                             |
|         |                                      |  |                                  | 28.12.2018 | -10,135                            | Transfer | 29,146   | 0.07                             |
|         |                                      |  |                                  | 31.12.2018 | -214                               | Transfer | 28,932   | 0.07                             |
|         |                                      |  |                                  | 04.01.2019 | -596                               | Transfer | 28,336   | 0.06                             |
|         |                                      |  |                                  | 11.01.2019 | 2,821                              | Transfer | 31,157   | 0.07                             |
|         |                                      |  |                                  | 18.01.2019 | 10,098                             | Transfer | 41,255   | 0.09                             |
|         |                                      |  |                                  | 25.01.2019 | -4,613                             | Transfer | 36,642   | 0.08                             |
|         |                                      |  |                                  | 01.02.2019 | -7,159                             | Transfer | 29,483   | 0.07                             |
|         |                                      |  |                                  | 08.02.2019 | -3,950                             | Transfer | 25,533   | 0.06                             |
|         |                                      |  |                                  | 15.02.2019 | -8,260                             | Transfer | 17,273   | 0.04                             |
|         |                                      |  |                                  | 22.02.2019 | 851                                | Transfer | 18,124   | 0.04                             |
|         |                                      |  |                                  | 01.03.2019 | -1,754                             | Transfer | 16,370   | 0.04                             |
|         |                                      |  |                                  | 08.03.2019 | -428                               | Transfer | 15,942   | 0.04                             |
|         |                                      |  |                                  | 15.03.2019 | 3,653                              | Transfer | 19,595   | 0.04                             |
|         |                                      |  |                                  | 22.03.2019 | -1,191                             | Transfer | 18,404   | 0.04                             |
|         |                                      |  |                                  | 29.03.2019 | 1,178                              | Transfer | 19,582   | 0.04                             |
|         |                                      | 19,582   | 0.04                             | 31.03.2019 |                                    |          | 19,582   | 0.04                             |
| 15      | Edelweiss Custodial Services Ltd. ** | 60,278   | 0.14                             | 01.04.2018 |                                    |          |  |                                  |
|         |                                      |  |                                  | 06.04.2018 | 6,082                              | Transfer | 66,360   | 0.15                             |
|         |                                      |  |                                  | 13.04.2018 | 189                                | Transfer | 66,549   | 0.15                             |
|         |                                      |  |                                  | 20.04.2018 | -9,322                             | Transfer | 57,227   | 0.13                             |
|         |                                      |  |                                  | 27.04.2018 | 2,054                              | Transfer | 59,281   | 0.14                             |
|         |                                      |  |                                  | 04.05.2018 | -1,055                             | Transfer | 58,226   | 0.13                             |
|         |                                      |  |                                  | 11.05.2018 | 155                                | Transfer | 58,381   | 0.13                             |
|         |                                      |  |                                  | 18.05.2018 | 1,830                              | Transfer | 60,211   | 0.14                             |
|         |                                      |  |                                  | 25.05.2018 | -15,135                            | Transfer | 45,076   | 0.10                             |
|         |                                      |  |                                  | 01.06.2018 | -5,116                             | Transfer | 39,960   | 0.09                             |
|         |                                      |  |                                  | 08.06.2018 | 11                                 | Transfer | 39,971   | 0.09                             |
|         |                                      |  |                                  | 15.06.2018 | -50                                | Transfer | 39,921   | 0.09                             |
|         |                                      |  |                                  | 22.06.2018 | 2,640                              | Transfer | 42,561   | 0.10                             |
|         |                                      |  |                                  | 29.06.2018 | 4,375                              | Transfer | 46,936   | 0.11                             |
|         |                                      |  |                                  | 06.07.2018 | 3,800                              | Transfer | 50,736   | 0.12                             |
|         |                                      |  |                                  | 13.07.2018 | -490                               | Transfer | 50,246   | 0.11                             |
|         |                                      |  |                                  | 20.07.2018 | -350                               | Transfer | 49,896   | 0.11                             |
|         |                                      |  |                                  | 27.07.2018 | 3,100                              | Transfer | 52,996   | 0.12                             |
|         |                                      |  |                                  | 10.08.2018 | 1,753                              | Transfer | 54,749   | 0.13                             |
|         |                                      |  |                                  | 17.08.2018 | 1,100                              | Transfer | 55,849   | 0.13                             |
|         |                                      |  |                                  | 24.08.2018 | -9,150                             | Transfer | 46,699   | 0.11                             |
|         |                                      |  |                                  | 31.08.2018 | 740                                | Transfer | 47,439   | 0.11                             |
|         |                                      |  |                                  | 06.09.2018 | 278                                | Transfer | 47,717   | 0.11                             |
|         |                                      |  |                                  | 07.09.2018 | 600                                | Transfer | 48,317   | 0.11                             |
|         |                                      |  |                                  | 14.09.2018 | 180                                | Transfer | 48,497   | 0.11                             |
|         |                                      |  |                                  | 21.09.2018 | 145                                | Transfer | 48,642   | 0.11                             |
|         |                                      |  |                                  | 28.09.2018 | 405                                | Transfer | 49,047   | 0.11                             |
|         |                                      |  |                                  | 05.10.2018 | -25,003                            | Transfer | 24,044   | 0.06                             |
|         |                                      |  |                                  | 12.10.2018 | 2,600                              | Transfer | 26,644   | 0.06                             |
|         |                                      |  |                                  | 19.10.2018 | 85                                 | Transfer | 26,729   | 0.06                             |
|         |                                      |  |                                  | 26.10.2018 | 21,193                             | Transfer | 47,922   | 0.11                             |
|         |                                      |  |                                  | 02.11.2018 | 200                                | Transfer | 48,122   | 0.11                             |
|         |                                      |  |                                  | 16.11.2018 | -199                               | Transfer | 47,923   | 0.11                             |
|         |                                      |  |                                  | 23.11.2018 | -23,916                            | Transfer | 24,007   | 0.05                             |
|         |                                      |  |                                  | 30.11.2018 | 1,230                              | Transfer | 25,237   | 0.06                             |
|         |                                      |  |                                  | 07.12.2018 | 602                                | Transfer | 25,839   | 0.06                             |
|         |                                      |  |                                  | 14.12.2018 | 25                                 | Transfer | 25,864   | 0.06                             |
|         |                                      |  |                                  | 21.12.2018 | -1,700                             | Transfer | 24,164   | 0.06                             |
|         |                                      |  |                                  | 31.12.2018 | 500                                | Transfer | 24,664   | 0.06                             |

| Sl. No. | Name              | Shareholding   |                                  | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|---------|-------------------|--|----------------------------------|------------|------------------------------------|----------|--|----------------------------------|
|         |                   | No. of Shares at the beginning (01.04. 2018)/ end of the year (31.03.2019) | % of total Shares of the Company |            |                                    |          | No. of Shares  | % of total shares of the Company |
|         |                   |  |                                  | 04.01.2019 | 1,000                              | Transfer | 25,664   | 0.06                             |
|         |                   |  |                                  | 11.01.2019 | -1,449                             | Transfer | 24,215   | 0.06                             |
|         |                   |  |                                  | 18.01.2019 | -4,400                             | Transfer | 19,815   | 0.05                             |
|         |                   |  |                                  | 25.01.2019 | 1,500                              | Transfer | 21,315   | 0.05                             |
|         |                   |  |                                  | 01.02.2019 | 1,500                              | Transfer | 22,815   | 0.05                             |
|         |                   |  |                                  | 08.02.2019 | -5,715                             | Transfer | 17,100   | 0.04                             |
|         |                   |  |                                  | 15.02.2019 | 300                                | Transfer | 17,400   | 0.04                             |
|         |                   |  |                                  | 22.02.2019 | -82                                | Transfer | 17,318   | 0.04                             |
|         |                   |  |                                  | 01.03.2019 | 963                                | Transfer | 18,281   | 0.04                             |
|         |                   |  |                                  | 08.03.2019 | 6,761                              | Transfer | 25,042   | 0.06                             |
|         |                   |  |                                  | 15.03.2019 | -1,650                             | Transfer | 23,392   | 0.05                             |
|         |                   |  |                                  | 29.03.2019 | 4,282                              | Transfer | 27,674   | 0.06                             |
|         |                   |  |                                  | 30.03.2019 | -8,124                             | Transfer | 19,550   | 0.04                             |
|         |                   | 19,550   | 0.04                             | 31.03.2019 |                                    | Transfer | 19,550   | 0.04                             |
| 16      | Sanjay Kothari ** | 75,000   | 0.17                             | 01.04.2018 |                                    |          |  |                                  |
|         |                   |  |                                  | 29.06.2018 | 24,742                             | Transfer | 99,742   | 0.23                             |
|         |                   |  |                                  | 06.07.2018 | 258                                | Transfer | 100,000  | 0.23                             |
|         |                   |  |                                  | 29.09.2018 | -100,000                           | Transfer | 0  | 0.00                             |
|         |                   |  |                                  | 31.03.2019 |                                    |          | 0  | 0.00                             |

\* Not in the list of Top 10 shareholders as on 1.4.2018. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 31.3.2019.

\*\* Ceased to be in the list of Top 10 shareholders as on 31.3.2019. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 1.4.2018. Increase/decrease in shareholding as indicated above, are based on downloads of beneficial ownership provided by the depositories generally every Friday.

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No.      | Name                  | Shareholding  |                                  | Date                                   | Increase/ Decrease in Shareholding | Reason                       | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|--------------|-----------------------|---|----------------------------------|--|------------------------------------|------------------------------|--|----------------------------------|
|              |                       | No. of Shares at the beginning (01.04. 2018) / end of the year (31.03.2019) | % of total Shares of the Company |  |                                    |                              | No. of Shares  | % of total shares of the Company |
| A) DIRECTORS |                       |   |                                  |  |                                    |                              |  |                                  |
| 1            | R V Kanoria           | 461,481<br>461,481  | 1.06<br>1.06                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 461,481  | 1.06                             |
| 2            | Amitav Kothari        | 4<br>4  | 0.00<br>0.00                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 4  | 0.00                             |
| 3            | H K Khaitan           | 100<br>100  | 0.00<br>0.00                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 100  | 0.00                             |
| 4            | A Vellayan            | 15,000<br>15,000  | 0.03<br>0.03                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 15,000   | 0.03                             |
| 5            | Ravinder Nath         | 100<br>100  | 0.00<br>0.00                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 100  | 0.00                             |
| 6            | Sidharth Kumar Birla* | 0<br>25   | 0.00<br>0.00                     | 01.04.2018<br>18.05.2018<br>31.03.2019 | 25                                 | Transfer                     | 25<br>25   | 0.00<br>0.00                     |
| 7            | G Parthasarathy       | 1<br>1  | 0.00<br>0.00                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 1  | 0.00                             |
| 8            | S V Kanoria           | 556,440<br>556,440  | 1.27<br>1.27                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 556,440  | 1.27                             |
| 9            | Madhuvanti Kanoria    | 498,321<br>498,321  | 1.14<br>1.14                     | 01.04.2018<br>31.03.2019               | 0                                  | NIL movement during the year | 498,321  | 1.14                             |

\* Shri Sidharth Kumar Birla was appointed as an Independent Director with effect from 18th May, 2018.

Prof S.L. Rao has resigned as a Director with effect from 21st August, 2018, therefore, his shareholding is not shown above.



| B) KEY MANAGERIAL PERSONNEL (KMP) |            |       |      |            |   |                              |       |      |
|-----------------------------------|------------|-------|------|------------|---|------------------------------|-------|------|
| 1                                 | N K Nolkha | 1,500 | 0.00 | 01.04.2018 |   | NIL movement during the year | 1,500 | 0.00 |
|                                   |            | 1,500 | 0.00 | 31.03.2019 | 0 |                              |       |      |
| 2                                 | N K Sethia | 0     | 0.00 | 01.04.2018 |   | NIL movement during the year | 0     | 0.00 |
|                                   |            | 0     | 0.00 | 31.03.2019 | 0 |                              |       |      |

## V. INDEBTEDNESS

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

(Rs. in million)

|   | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year (01.04.2018)  |                                  |                 |          |                    |
| (i) Principal Amount  | 1,011.67                         | 0               | 0        | 1,011.67           |
| (ii) Interest due but not paid                                    | 0                                | 0               | 0        | 0                  |
| (iii) Interest accrued but not due                                | 2.79                             | 0               | 0        | 2.79               |
| <b>Total (i + ii + iii)</b>                                       | <b>1,014.46</b>                  | <b>0</b>        | <b>0</b> | <b>1,014.46</b>    |
| <b>Change in indebtedness during the financial year</b>           |                                  |                 |          |                    |
| a) Addition (Net)   | 204.55                           | 0               | 0        | 204.55             |
| b) Reduction (Net)  | 0                                | 0               | 0        | 0                  |
| <b>Net Change</b>   | <b>204.55</b>                    | <b>0</b>        | <b>0</b> | <b>204.55</b>      |
| <b>Indebtedness at the end of the financial year (31.03.2019)</b> |                                  |                 |          |                    |
| (i) Principal Amount  | 1,215.03                         | 0               | 0        | 1,215.03           |
| (ii) Interest due but not paid                                    | 0                                | 0               | 0        | 0                  |
| (iii) Interest accrued but not due                                | 3.98                             | 0               | 0        | 3.98               |
| <b>Total (i + ii + iii)</b>                                       | <b>1,219.01</b>                  | <b>0</b>        | <b>0</b> | <b>1,219.01</b>    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in million)

| Sl. No. | Particulars of Remuneration  | R V Kanoria  | S V Kanoria         | Total Amount |
|---------|--|--|---------------------|--------------|
|         |  | Managing Director  | Whole-time Director |              |
| 1       | Gross Salary   |  |                     |              |
|         | a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961 | 19.03  | 8.48                | 27.51        |
|         | b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961                    | 0.44   | 0.42                | 0.86         |
|         | c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961                 | 0  | 0                   | 0            |
| 2       | Stock Option   | 0  | 0                   | 0            |
| 3       | Sweat Equity   | 0  | 0                   | 0            |
| 4       | Commission   |  |                     |              |
|         | As % of Profit   | 0  | 0                   | 0            |
|         | Others, specify  | 0  | 0                   | 0            |
| 5       | Others, Please Specify – (Company's contribution to PF)                            | 1.42   | 0.58                | 2.00         |
|         | <b>Total (A)</b>   | <b>20.89</b>   | <b>9.48</b>         | <b>30.37</b> |
|         | Ceiling as per the Act   | Rs. 12.77 million, being 10% of the Net Profits of the Company as per Section 198 of the Companies Act, 2013 |                     |              |

B) Remuneration to Other Directors

1. Independent Directors

(Rs. in million)

| Particulars of Remuneration                 | Name of Directors |             |               |                |                      |             |             | Total Amount |
|---|-------------------|-------------|---------------|----------------|----------------------|-------------|-------------|--------------|
|   | Amitav Kothari    | H K Khaitan | Ravinder Nath | G Pathasarathy | Sidharth Kumar Birla | A Vellayan  | S L Rao     |              |
| Fees for attending Board/committee meetings | 0.29              | 0.34        | 0.19          | 0.24           | 0.17                 | 0.10        | 0.00        | 1.33         |
| Commission                                  | 0                 | 0           | 0             | 0              | 0                    | 0           | 0           |              |
| Other, Please specify                       | 0                 | 0           | 0             | 0              | 0                    | 0           | 0           |              |
| <b>Total (B) (1)</b>                        | <b>0.29</b>       | <b>0.34</b> | <b>0.19</b>   | <b>0.24</b>    | <b>0.17</b>          | <b>0.10</b> | <b>0.00</b> | <b>1.33</b>  |

Prof S.L. Rao has resigned as a Director with effect from 21st August, 2018.

## 2. Other Non Executive Directors

(Rs. in million)

| Particulars of Remuneration                  | Name of Director  | Total Amount |
|--|---|--------------|
|  | Madhuvanti Kanoria  |              |
| Fees for attending board/committee meeting   | 0.21  | 0.21         |
| Commission                                   | 0   | 0            |
| Other, Please specify                        | 0   | 0            |
| <b>Total (B) (2)</b>                         | <b>0.21</b>   | <b>0.21</b>  |
| <b>Total (B) = (B1) + (B2)</b>               |   | <b>1.54</b>  |
| <b>Total Managerial Remuneration (A + B)</b> |   | <b>31.91</b> |
| <b>Overall Ceiling as per the Act</b>        | Rs. 14.05 million, being 11% of the Net Profits as per Section 198 of the Companies Act, 2013 |              |

## C) Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Rs. in million)

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel      |                   | Total Amount |
|---------|---|-------------------------------|-------------------|--------------|
|         |   | N K Nolkha                    | N K Sethia        |              |
|         |   | Group Chief Financial Officer | Company Secretary |              |
| 1       | Gross Salary<br>a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961<br>b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961<br>c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961 | 6.26                          | 2.70              | 8.96         |
|         |   | 0.03                          | 0.03              | 0.06         |
|         |   | 0                             | 0                 | 0            |
| 2       | Stock Option  | 0                             | 0                 | 0            |
| 3       | Sweat Equity  | 0                             | 0                 | 0            |
| 4       | Commission<br>As % of Profit<br>Others, specify   | 0                             | 0                 | 0            |
|         |   | 0                             | 0                 | 0            |
| 5       | Others, Please Specify – (Company's contribution to PF)   | 0.36                          | 0.16              | 0.52         |
|         | <b>Total (C)</b>  | <b>6.65</b>                   | <b>2.89</b>       | <b>9.54</b>  |

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Against the Company, Directors and other Officers in Defaults under the Companies Act, 2013 : NONE

## Registered Office

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May 2019

For and on behalf of the Board,

R.V. Kanoria  
Chairman & Managing Director  
DIN:00003792

# ANNEXURE TO THE DIRECTORS' REPORT

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

**[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,  
Kanoria Chemicals & Industries Limited  
'KCI Plaza', 6th Floor, 23C, Ashutosh Chowdhury Avenue,  
Kolkata- 700019

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per Annexure-A1, hereinafter referred to as "Books and Papers") 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 period covered by our audit, that is to say, from April 01, 2018 to March 31, 2019 (hereinafter referred to as "Audit Period"), 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 and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 (the "Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 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, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "Listing Regulations, 2015");
6. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;

We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable to the industry to which the Company belongs:

- a. Petroleum Act, 1934;
- b. Poison Act, 1919; and
- c. Indian Explosive Act, 1884

#### Management Responsibility:

1. Maintenance of secretarial records 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 the 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 procedure 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.

**We report that:**

During the period under review, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Further, 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.

**We further report that** adequate notice was 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. Decisions of the Board were taken with the requisite majority and recorded as part of the minutes.

**We further report that** based on the information provided by the Company during the Audit Period and also on the review of quarterly compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes and control mechanisms exist in the Company to monitor and ensure compliance with applicable general laws.

**We further report that** during the Audit Period, the Company has not incurred any specific event/action that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

Pursuant to Section 110 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules") (including any statutory modification or re - enactment thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Special Resolutions were passed through Postal Ballot dated 25th March, 2019 for (i) re-appointment of Shri S. V. Kanoria (DIN : 02097441) as the Wholetime Director and (ii) continuation of directorship of Shri G. Parthasarathy (DIN: 00068510), who was appointed as an Independent Director of the Company for a period of five years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019 and who has attained the age of 75 years, for the remaining period of his existing tenure of directorship as Independent Director.

For Vinod Kothari & Company  
Practising Company Secretaries

Arun Kumar Maitra (Partner)  
Membership No.A3010  
C P No.: 14490

Place: Kolkata

Date: 27th May, 2019

## LIST OF DOCUMENTS

## ANNEXURE- A1

1. Corporate Matters
  - 1.1 Minutes books of the following meetings were provided in original;
    - 1.1.1 Board Meeting;
    - 1.1.2 Audit Committee;
    - 1.1.3 Nomination and Remuneration Committee;
    - 1.1.4 Stakeholders Relationship Committee;
    - 1.1.5 Corporate Social Responsibility Committee;
    - 1.1.6 Risk Management Committee;
    - 1.1.7 General Meeting;
  - 1.2 Agenda papers for Board Meeting along with Notice;
  - 1.3 Annual Report for the Financial Year 2017 - 18;
  - 1.4 Memorandum and Articles of Association;
  - 1.5 Disclosures under the Act and Listing Regulations;
  - 1.6 Policies framed under the Act and Listing Regulations;
  - 1.7 Documents pertaining to Listing Agreement/ Listing Regulations compliance;
  - 1.8 Documents pertaining to proof of payment of Dividend;
  - 1.9 Registers maintained under the Act;
  - 1.10 Forms and Returns filed with MCA and RBI
  - 1.11 Documents under SEBI (Prohibition of Insider Trading) Regulations, 2015
  - 1.12 Disclosures under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

## ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

### (A) Conservation of Energy

(i) The steps taken for conservation of energy:

Major energy conservation initiative taken during the financial year 2018-19:

- Installed VFDs to reduce power consumption.
- Replaced the pumps of Cooling Water with energy efficient pumps.
- Installed the condensate recovery system to improve the steam generation and reduction of energy loss.

(ii) The steps taken by the Company for utilizing alternate sources of energy: NIL

(iii) The capital investment on energy conservation equipments: Rs. 6.28 million

### (B) Technology Absorption

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

|     |  |   |
|-----|--|---|
| (a) | The details of technology imported   | Technological upgradation of Formaldehyde process from Johnson Matthey Formox, Sweden |
| (b) | The year of import   | 2015-16   |
| (c) | Whether the technology been fully absorbed   | Yes   |
| (d) | If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | Not Applicable  |

(iv) The expenditure incurred on Research and Development: Rs. 1.50 million.

### (C) Foreign Exchange Earnings and Outgo

(Rs. in million)

|  |        |
|--|--------|
| Foreign Exchange earned in terms of actual inflows during the year | 134.62 |
| Foreign Exchange outgo in terms of actual outflows during the year | 349.71 |

#### Registered Office

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May 2019

For and on behalf of the Board,

R.V. Kanoria  
Chairman & Managing Director  
DIN:00003792

## ANNEXURE TO THE DIRECTORS' REPORT

### A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration of each Director to the median remuneration of all employees and percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

| Sl. No. | Name of Directors and Key Managerial Personnel | Designation                            | The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year 2018-19 | Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2018-19 |
|---------|--|--|--|---|
| 1       | Shri R.V. Kanoria                              | Chairman & Managing Director           | 61.46  | 15.34   |
| 2       | Shri S. V. Kanoria                             | Wholetime Director                     | 27.82  | 24.81   |
| 3       | Shri Amitav Kothari                            | Non-Executive Independent Director     | 0.85   | 1.75  |
| 4       | Shri H.K. Khaitan                              | Non-Executive Independent Director     | 1.00   | (4.23)  |
| 5       | Shri Ravinder Nath                             | Non-Executive Independent Director     | 0.56   | 0   |
| 6       | Shri G. Parthasarathy                          | Non-Executive Independent Director     | 0.71   | (7.69)  |
| 7       | Shri Sidharth Kumar Birla                      | Non-Executive Independent Director     | 0.50   | @   |
| 8       | Shri A. Vellayan                               | Non-Executive Independent Director     | 0.29   | 0   |
| 9       | Smt. Madhuvanti Kanoria                        | Non-Executive Non-Independent Director | 0.62   | 0   |
| 10      | Shri N.K. Nolkha                               | Group Chief Financial Officer          | NA   | 10.23   |
| 11      | Shri N.K. Sethia                               | Company Secretary                      | NA   | 10.33   |

**Notes:** No Director other than the Chairman & Managing Director and Whole time Director received any remuneration except the sitting fees during the financial years 2017-18 and 2018-19.

@ Shri Sidharth Kumar Birla was appointed as an Independent Director w.e.f.18th May, 2018, as such comparison of remuneration over the previous financial year is not given. Since, Prof. S. L. Rao resigned as a Director w.e.f. 21st August, 2018; the above details for him are not given.

2. The number of permanent employees as on 31st March, 2019 was 351.
3. Compared to the year 2017-18, the figures for the year 2018-19 reflects that:-
- Median remuneration of the employees decreased by 3.11%.
  - Average remuneration of the employees increased by 0.71%.
  - Average remuneration of the employees excluding Key Managerial Personnel decreased by 0.29% and average remuneration of Key Managerial Personnel increased by 16.14%.

The remuneration of Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company.

**B. Particulars of employees pursuant to provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**Top 10 Employees in terms of remuneration drawn**

**(i) Employees in receipt of remuneration aggregating to not less than Rs. 1.02 Crore per annum or Rs. 8.5 Lakh per month**

| Sl. No. | Name and Age                             | Designation                            | Remuneration (Rs.) | Qualification and Experience                      | Date of Joining | Last Employment                |
|---------|--|--|--------------------|---|-----------------|--------------------------------|
| 1       | R. V. Kanoria<br>(64 years)              | Chairman & Managing Director           | 20,850,286         | B.Sc., MBA (Hons)<br>(45 Years)                   | 10.01.1983      | -                              |
| 2       | Ranjeet Singh <sup>§</sup><br>(50 Years) | Chief Executive-<br>Chemicals Business | 4,907,002          | B. Sc. (Chemistry), MBA - Marketing<br>(26 Years) | 10.10.2018      | Jubilant Life Sciences Limited |

**(ii) Other Employees**

| Sl. No. | Name and Age                           | Designation                             | Remuneration (Rs.) | Qualification and Experience                          | Date of Joining | Last Employment                   |
|---------|--|---|--------------------|---|-----------------|-----------------------------------|
| 3       | S. V. Kanoria<br>(37 Years)            | Wholetime Director                      | 9,436,880          | MS in Computer Science<br>(15 Years)                  | 21.08.2006      | Morgan Stanley, USA               |
| 4       | N. K. Nolkha<br>(52 Years)             | Group Chief Financial Officer           | 6,666,440          | B. Com (Hons), ACA<br>(31 Years)                      | 02.04.1991      | G. R. Magnets Limited             |
| 5       | Salil Gupta <sup>§</sup><br>(42 Years) | Business Head –<br>Soya Division        | 5,374,063          | M. Tech, PGDBA - Marketing &<br>Operations (20 Years) | 16.04.2018      | Khyati Foods Pvt. Limited         |
| 6       | Arun Kumar Agarwal<br>(60 years)       | Chief Executive –<br>Chemicals Business | 5,099,954          | B.Com (Hons), FCA, ACS<br>(37 Years)                  | 01.10.1990      | Jayshree Tea & Industries Limited |
| 7       | Vaidehi Kanoria<br>(35 Years)          | General Manager –<br>Human Resource     | 3,254,716          | B.Sc. (Economics)<br>(11 Years)                       | 21.09.2010      | Gallery Espace Art                |
| 8       | Balaji Venkataraman<br>(40 Years)      | Vice President (Works)                  | 3,230,265          | M Sc (Chemical) (18 Years)                            | 26.02.2018      | Akzo Nobel India Limited          |
| 9       | Anil D Mishra<br>(48 Years)            | Sr. General Manager<br>(EHS)            | 3,217,023          | M. Tech. (Environment)<br>(22 Years)                  | 20.12.2004      | Khemani Distilleries Pvt. Limited |
| 10      | Sanjay Kumar Ojha<br>(47 Years)        | Vice President (Works)                  | 2,936,644          | B.E. (Mechanical)<br>(22 Years)                       | 11.06.2007      | United Phosphorus Limited         |

The figures are on mercantile basis.

<sup>§</sup>For part of the year.

**Notes:** Remuneration includes Salary, House Rent Allowance, Company's contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, as applicable.

All the appointments are on employment agreement basis, except for executive Directors which are contractual.

Shri R.V. Kanoria, Chairman & Managing Director is spouse of Smt. Madhuvanti Kanoria, a Director of the Company. Shri S. V. Kanoria, Wholetime Director is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria.

**Registered Office**

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May 2019

For and on behalf of the Board,

R.V. Kanoria  
Chairman & Managing Director  
DIN:00003792

# REPORT ON CORPORATE GOVERNANCE

## INTRODUCTION

Your Company has complied with the provisions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”).

A Report on the implementation of Corporate Governance by the Company as per the Listing Regulations, 2015 is given below.

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is commitment to values and integrity in directing the affairs of the Company. It is an integral part of the Company's strategic management. Its basic tenets – adherence to ethical business practices; delegation; responsibility and accountability; honesty and transparency in the functioning of management and the Board; true, complete and timely disclosures; and compliance of law, ultimately result in maximising shareholders value and in protecting the interests of stakeholders.

The Company is committed to and always strives for excellence through adoption of and adherence to good corporate governance in the true spirit.

The Company is guided by a well-balanced Board comprising Directors, who are all outstanding professionals of eminence and integrity. Strategic management by a professional Board is the focal point of the Company's Corporate Governance philosophy and practice.

A core group of top-level executives further strengthens and reinforces the foundation of Corporate Governance in the Company. Competent professionals across the organisation have put in place the best in terms of systems, processes, procedures and technologies.

## BOARD OF DIRECTORS

### Composition

The Board as on 31st March 2019 consisted of nine Directors including seven Non-executive Directors out of which six are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding the executive position and is designated as the Chairman & Managing Director of the Company. He has 45 years of industrial, managerial, administrative and commercial experience. Shri S. V. Kanoria, an MS in Computer Science having 15 years work experience, is the Wholtime Director of the Company.

During the year under review, the Board met four times; on 18th May 2018, 8th August 2018, 14th November 2018 and 13th February 2019.

The composition of the Board, Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2019 by each Director in other companies are as under:

| Name of Director                      | Name of the other Indian listed company where directorship held | Category of Directors                  | Other Directorship <sup>1</sup> (Including in Indian listed companies) | Other Committee Chairmanship <sup>2</sup> | Other Committee Membership <sup>2</sup> |
|---------------------------------------|---|--|--|---|---|
| <b>Executive Directors</b>            |   |  |  |   |   |
| Shri R.V. Kanoria<br>(DIN: 00003792)  | Nestle India Limited  | Non-executive Independent Director     | 7  | 2   | 4                                       |
|                                       | J K Paper Limited   | Non-executive Independent Director     |  |   |   |
|                                       | Ludlow Jute & Specialties Limited                               | Non-executive Non-Independent Director |  |   |   |
| Shri S. V. Kanoria<br>(DIN: 02097441) | None  | NA                                     | 4  | -   | -                                       |



| Non-Executive Non-Independent Director         |                                   |                                    |   |   |   |
|--|-----------------------------------|------------------------------------|---|---|---|
| Smt. Madhuvanti Kanoria<br>(DIN: 00142146)     | None                              | NA                                 | - | - | - |
| Non-Executive Independent Director             |                                   |                                    |   |   |   |
| Shri Amitav Kothari<br>(DIN:01097705)          | West Coast Paper Mills Limited    | Non-executive Independent Director | 3 | 1 | 2 |
|  | Kiran Vyapar Limited              | Non-executive Independent Director |   |   |   |
| Shri H.K. Khaitan<br>(DIN:00220049)            | Steel Products Limited            | Executive Director                 | 4 | 1 | 2 |
|  | India Carbon Limited              | Non-executive Independent Director |   |   |   |
| Shri Ravinder Nath<br>(DIN:00062186)           | Voith Paper Fabrics India Limited | Non-executive Independent Director | 3 | 1 | 2 |
|  | Somany Ceramics Limited           | Non-executive Independent Director |   |   |   |
|  | Hero Motocorp Limited             | Non-executive Independent Director |   |   |   |
| Shri G. Parthasarathy<br>(DIN:00068510)        | None                              | NA                                 | - | - | - |
| Shri Sidharth Kumar Birla #<br>(Din: 00004213) | Digjam Limited                    | Non-executive Independent Director | 4 | - | - |
|  | Xpro India Limited                | Executive Director                 |   |   |   |
| Shri A. Vellayan<br>(DIN:00148891)             | None                              | NA                                 | 1 | - | - |

1. This excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013.
  2. Committee refers to Audit Committee and Stakeholders Relationship Committee.
- # Appointed as an Independent Director with effect from 18th May 2018.

#### Notes

- i Smt. Madhuvanti Kanoria is spouse of Shri R. V. Kanoria. Shri S. V. Kanoria, Wholetime Director, is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria. None of the other Directors is related to any other Director on the Board.
- ii None of the Directors has any business relationship with the Company.
- iii The Company has a woman Director on its Board of Directors.
- iv None of the Directors received any loans and advances from the Company during the year.
- v None of the Directors holds Directorships in more than the permissible number of companies under the Companies Act, 2013 or Directorships/Membership/Chairmanship of Board Committees as permissible under Regulations 17A and 26 of the Listing Regulations, 2015.
- vi All the Directors have certified that they are not disqualified for appointment as a Director in any company.
- vii Additional information pursuant to the Listing Regulations, 2015 in respect of Director seeking appointment/re-appointment is given in the AGM Notice.
- viii Prof. S. L. Rao, a Non - Executive Independent Director resigned with effect from 21st August 2018 due to health reasons.

The attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2018-19 is as under:

| Name of Director                           | Category of Directors                   | Board Meetings held during the directorship | Attendance at  |          |
|--|---|---|----------------|----------|
|  |   |   | Board Meetings | Last AGM |
| Shri R.V. Kanoria (DIN: 00003792)          | Promoter – Chairman & Managing Director | 4   | 4              | YES      |
| Smt. Madhuvanti Kanoria (DIN: 00142146)    | Non-Executive Non-Independent Director  | 4   | 4              | YES      |
| Shri S. V. Kanoria (DIN: 02097441)         | Executive Director                      | 4   | 4              | YES      |
| Shri Amitav Kothari (DIN:01097705)         | Non-Executive Independent Director      | 4   | 4              | YES      |
| Shri H.K. Khaitan (DIN:00220049)           | Non-Executive Independent Director      | 4   | 4              | YES      |
| Shri Ravinder Nath (DIN:00062186)          | Non-Executive Independent Director      | 4   | 3              | NO       |
| Shri G. Parthasarathy (DIN:00068510)       | Non-Executive Independent Director      | 4   | 4              | YES      |
| Shri Sidharth Kumar Birla (Din: 00004213)  | Non-Executive Independent Director      | 4   | 3              | NO       |
| Shri A. Vellayan (DIN:00148891)            | Non-Executive Independent Director      | 4   | 2              | YES      |
| Prof. S.L. Rao <sup>@</sup> (DIN:00005675) | Non-Executive Independent Director      | 2   | NIL            | NA       |

@ Resigned with effect from 21st August 2018.

## Skills/Expertise/Competence of the Board of Directors

The core skills / expertise / competencies identified by the Board as required in the context of the Company's business(es) for it to function effectively and available with the Board are as given below:

| Sl. No. | Skills / expertise / competencies                               |
|---------|---|
| 1       | Leadership qualities  |
| 2       | Industry knowledge and experience                               |
| 3       | Financial expertise   |
| 4       | Risk Management   |
| 5       | Understanding of relevant laws, rules, regulations and policies |
| 6       | Corporate Governance  |
| 7       | Global experience / International exposure                      |

## Responsibilities

The Board's prime concentration is on strategy, policy and control, delegation of power and specifying approvals that remain in the Board's domain besides review of corporate performance and reporting to shareholders. The Board and Management's roles are clearly demarcated.

The Management is required to:

- provide necessary inputs to assist the Board in its decision making process in respect of the Company's strategies, policies, performance targets and code of conduct;
- manage day-to-day affairs of the Company to achieve targets and goals set by the Board in the best possible manner;
- implement all policies and the code of conduct as approved by the Board;
- provide timely, accurate, substantive and material information, including on all financial matters and any exceptions, to the Board and/or its Committees;
- ensure strict compliance with all applicable laws and regulations; and
- implement sound and effective internal control systems.

The management and the conduct of the affairs of the Company lie with the Managing Director who heads the management team.

## Role of Independent Directors

The Independent Directors play an important role in deliberations and decision-making at the Board Meetings and bring to the Company wide experiences in their respective fields. They also contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in instances where a (potential) conflict of interests may arise between stakeholders.

## Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. During the year under review, one Meeting of Independent Directors was held on 13th February 2019, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

## Confirmation of Independence

In the opinion of the Board of Directors, the Independent Directors fulfill the conditions of independence specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

## Certificate of Company Secretary in Practice

A Certificate obtained from a Company Secretary in Practice, confirming that none of the Directors of the Company is debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority, is annexed hereto.

## Familiarisation Programmes for Board Members

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: [www.kanoriachem.com/images/FamPro.pdf](http://www.kanoriachem.com/images/FamPro.pdf).

## BOARD MEETINGS

### Selection of Agenda Items for Board Meetings

- i) The Company holds a minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The gap between two Meetings is not more than 120 days. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.
- ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.
- iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.
- iv) At each of the four pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.
- v) Among others, the following items are placed at the Board Meetings for the consideration/review/approval of the Board:
  - Annual Operating Plans and Budgets and any updates.
  - Capital Budgets and any updates.
  - Quarterly results of the Company and its Business Segments.
  - Minutes of Meetings of the Board Committees.
  - The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

In addition, the other matters requiring the Board's consideration/review/approval, from time to time, are also placed at the Board Meetings. The Board's annual agenda includes recommending dividend, determining Directors who shall retire by rotation and recommending appointment/reappointment of Directors and Auditors, authentication of annual accounts and approving the Directors' Report, long term strategic plans for the Company and the principal issues that the Company expects to face in the future. The Board also considers/approves the other matters as required to be considered/approved by the Board as per the Companies Act, 2013 and the Listing Regulations, 2015. Board Meetings also note and review the functions of its Committees.

The Chairman of the Board and the Company Secretary in consultation with other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support for all information of the Company and are free to suggest inclusion of any matter in the Agenda.

## Board Material Distributed in Advance

- i) Agenda Papers are circulated to the Directors in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focussed discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting with specific reference to this effect in the Agenda.
- ii) In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted to be taken at the Meeting.

## Recording Minutes of Proceedings at Board and/or Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. Draft Minutes are circulated to all the members of the Board for their comments. The Minutes of proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.

## Compliance

The Company Secretary while preparing the agenda, notes on agenda and minutes of the Meetings, ensures adherence to the applicable provisions of law including the Companies Act 2013, Secretarial Standards and the Listing Regulations, 2015.

## BOARD COMMITTEES

To enable better and focussed attention on the affairs of the Company, the Board delegates specific matters to its Committees. These Committees also prepare the groundwork for decision-making and report at the subsequent Board Meetings. No matter, however, is left to the final decision of any Committee, which under the law or the Articles may not be delegated by the Board or may require the Board's explicit approval. Minutes of the Committee Meetings are circulated to all Directors and discussed at the Board Meetings.

### Audit Committee

The Audit Committee comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Shri Sidharth Kumar Birla, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. Prof. S. L. Rao resigned as a Director of the Company with effect from 21st August, 2018 and as such ceased to be a Member of the Committee. Shri Sidharth Kumar Birla was appointed as a Member of the Committee on 14th November 2018. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Audit Committee inter alia include the following:

- a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- b) Approval of payment to Statutory Auditors for rendering of any other services;

- c) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- d) Reviewing with the Management, the Annual Financial Statement and the Auditors Report thereon before submission to the Board for approval.
- e) Reviewing, with the Management, the quarterly Financial Statement before submission to the Board for approval.
- f) 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.
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Monitoring the end use of funds raised through public offers and related matters;
- l) Review of appointment, removal and terms of remuneration of Internal Auditor.
- m) Review of Internal Audit Reports and follow up of any significant findings therein;
- n) Discussion with Statutory Auditors post-audit to ascertain any area of concern;
- o) To review the functioning of the Whistle Blower mechanism;
- p) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

The Company Secretary acts as the Secretary of the Audit Committee.

During the financial year 2018-19, the Committee met four times; on 18th May 2018, 8th August 2018, 14th November 2018 and 13th February 2019.

Attendance of Members at Audit Committee Meetings held during the year 2018-19:

| Name of Director          | No. of Meetings attended |
|---------------------------|--------------------------|
| Shri Amitav Kothari       | 4                        |
| Shri R. V. Kanoria        | 4                        |
| Shri H.K. Khaitan         | 4                        |
| Prof. S. L. Rao           | NIL                      |
| Shri Sidharth Kumar Birla | 1                        |

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 13th September, 2018.

## Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015, which comprise the following:-

- To approve and authorise issuance of share certificates for sub-division, split, consolidation, renewal, issuance of duplicates thereof or issuance of new certificates, in cases of loss or old decrepit or worn out certificates.
- To consider and resolve the grievances of 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.;
- Review the measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the 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;
- To delegate powers of the above acts to any executive of the Company or to the Registrar and Share Transfer Agents (RTA) of the Company.
- To carry out any other function as may be referred to by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

Shri N.K. Sethia, Company Secretary and Compliance Officer under the relevant regulations, has been delegated authority to attend to Share transfer formalities at least once in a fortnight.

There were 30 share transfers involving 118 Equity Shares, pending for registration as at the end of the financial year 2018-19, which have since been registered. Besides these, there are no shares pending for transfer except the sub-judice matters, which would be solved on final disposal by Hon'ble Courts.

During the year, one complaint was received and at the end of the year, no complaint was pending for resolution.

During the financial year 2018-19, the Committee met on 14th November, 2018 and 13th February, 2019, wherein all the Members were present.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprises of Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Prof. S. L. Rao, Chairman of the Committee, resigned as a Director of the Company with effect from 21st August, 2018 and ceased to be a Member of the Committee and thereby Shri H. K. Khaitan was designated as the Chairman of the Committee on 14th November 2018.

The Nomination and Remuneration Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Nomination and Remuneration Committee inter alia include the following:-

- i Identification of 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 and carry out evaluation of every Director's performance.
- ii Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- iii To formulate criteria for performance evaluation of Independent Directors and the Board;
- iv Devising a policy on Board diversity;
- v To recommend to the Board, whether to extend or continue the term of appointment of Independent Director;
- vi To recommend to the Board, remuneration payable to senior management.

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2018-19, the Committee met on 18th May 2018 and 13th February 2019.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2018-19:

| Name of Director      | No. of Meetings attended |
|-----------------------|--------------------------|
| Prof. S. L. Rao       | NIL                      |
| Shri R. V. Kanoria    | 2                        |
| Shri H.K. Khaitan     | 2                        |
| Shri Ravinder Nath    | 2                        |
| Shri G. Parthasarathy | 2                        |

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees.

## Criteria for Appointment of Directors

In evaluating the suitability of a person and recommending to the Board his appointment as a Director of the Company, the Nomination and Remuneration Committee may take into account and ascertain factors such as:

- i Personal and professional ethics, integrity and values
- ii Educational and professional background
- iii Willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

## Remuneration Policy

The Company's Remuneration Policy has been formulated, keeping in view the following guiding principles:

- i Ensuring that the remuneration and other terms of employment are as per the trends and practices prevailing in peer companies and the industry.
- ii Providing reward commensurate with the efforts, dedication and achievement in performance of duty.
- iii Attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

The Remuneration Policy is in consonance with the existing Industry practice.

The Managing Director and Wholetime Director are paid remuneration as per their agreements with the Company. These agreements are approved by the Board, on the recommendation of the Nomination and Remuneration Committee, and then also placed before the shareholders for their approval. The remuneration structure of the Managing Director and the Wholetime Director comprises salary, perquisites, other benefits and commission (payable on the net profits of the Company, calculated as per the applicable provisions of the Companies Act, 2013). The Managing Director and Wholetime Director are not paid sitting fee for attending Meetings of the Board or Committees thereof.

Non-Executive/Independent Directors receive remuneration by way of fees for attending Meetings of Board or Committee thereof, as fixed by the Board of Directors from time to time, within the limits as prescribed under the applicable law. They are paid a sitting fee of Rs.50,000/- for attending each Board Meeting. The sitting fee for attending each Audit Committee Meeting and each Nomination and Remuneration Committee Meeting is Rs. 20,000/- and it is Rs.5,000/- for attending each Meeting of other Board Committees, as constituted under the applicable laws. Non-Executive/Independent Directors are also reimbursed for expenses incurred for participation in Meetings of the shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company as permissible under the applicable law. There are no stock option benefits to any of the Directors.

The remuneration of the Senior Management Personnel of the Company is guided by the competitiveness and is based on the individual person's key responsibilities and performance. They may receive variable pay in addition to fixed salaries. The performance-based pay to the SMP, including revisions, if any, would be based on the individual's performance related to the fulfilment of various improvement targets or the attainment of certain objectives.

The other employees' remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

The Nomination and Remuneration Policy may be accessed at the Company's website at the link: [www.kanoriachem.com/images/NomRemPol.pdf](http://www.kanoriachem.com/images/NomRemPol.pdf).

## Criteria for Performance Evaluation of Directors

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity.

### Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March 2019

| Name of Director          | Salary     | Perquisites and other benefits | Commission | Sitting Fees** | Total      |
|---------------------------|------------|--------------------------------|------------|----------------|------------|
| Shri R.V. Kanoria         | 11,806,452 | 9,043,834                      | -          | -              | 20,850,286 |
| Shri Amitav Kothari       | -          | -                              | -          | 290,000        | 290,000    |
| Shri H.K. Khaitan         | -          | -                              | -          | 340,000        | 340,000    |
| Shri Ravinder Nath        | -          | -                              | -          | 190,000        | 190,000    |
| Shri G. Parthasarathy     | -          | -                              | -          | 240,000        | 240,000    |
| Shri Sidharth Kumar Birla | -          | -                              | -          | 170,000        | 170,000    |
| Prof. S.L. Rao            | -          | -                              | -          | -              | -          |
| Shri A. Vellayan          | -          | -                              | -          | 100,000        | 100,000    |
| Smt Madhuvanti Kanoria    | -          | -                              | -          | 210,000        | 210,000    |
| Shri S. V. Kanoria        | 4,800,000  | 4,636,880                      | -          | -              | 9,436,880  |

\* Includes Sitting Fee paid for Committee Meetings.

### Details of Agreement

| Name                                     | From       | to          | Tenure  |
|--|------------|-------------|---------|
| Shri R.V. Kanoria - Managing Director    | 10.01.2018 | 09.01.2021  | 3 Years |
| Shri S. V. Kanoria - Wholetime Director* | 01.04.2016 | 31.03.2019# | 3 Years |

\* For termination of agreement, the Company and the Whole time Director are required to give a notice of three months or three months' salary in lieu thereof.

# Re-appointed for three years with effect from 1st April, 2019 by the shareholders through, Postal Ballot on 25th March, 2019.

## Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2019 are Shri R.V. Kanoria (461,481), Smt. Madhuvanti Kanoria (498,321), Shri S. V. Kanoria (556,440), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Shri Sidharth Kumar Birla (25), Shri Ravinder Nath (100), Shri Amitav Kothari (4) and Shri G. Parthasarathy (1).

## Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Smt. Madhuvanti Kanoria, Director, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

The terms of reference of the Corporate Social Responsibility Committee comprise the following:-

- i To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- ii To recommend to the Board the amount of expenditure to be incurred on the activities as referred to in clause (i) above;
- iii To monitor the Corporate Social Responsibility Policy of the Company from time to time.

In addition, to carry out any other function as may be referred from time to time by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2018-19, the Committee met two times; on 18th May 2018 and 14th November 2018, wherein all the Members were present.

The CSR Policy may be accessed at the Company's website at the link: [www.kanoriachem.com/images/CSRPol.pdf](http://www.kanoriachem.com/images/CSRPol.pdf).

## Finance Committee

The Finance Committee comprises of Shri R.V. Kanoria, Managing Director, Shri H.K. Khaitan, Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director. Shri R. V. Kanoria is the Chairman of the Committee.

The Committee determines on behalf of the Board, the matters relating to Debentures, Term Loans, Commercial Paper and any other types of Financial Assistance from Financial Institutions, Banks, Mutual Funds and Others, creation of securities and allotment of securities etc. and other matters related and incidental therewith.

In addition, the Committee also carries out any other function as may be referred from time to time by the Board of Directors.

## OTHER COMMITTEE

### Risk Management Committee

The Risk Management Committee of the Company comprises of Shri R. V. Kanoria, Managing Director, Shri S. V. Kanoria, Wholetime Director, Shri H. K. Khaitan, Independent Director and Shri N.K. Nolkha - Group Chief Financial Officer. Shri R. V. Kanoria is the Chairman of the Committee.

The Risk Management Committee assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures.

During the year under review, the Committee met on 8th August 2018 and 21st January 2019.

### Complaints pertaining to Sexual Harassment

There was no complaint pertaining to sexual harassment filed with the Complaint Redressal Committee of the Company during the financial year 2018-19 and that there was no complaint pending at the end of the year.

## GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as per details given below:

| Year    | Date                | Time        | Venue   | No. of Special Resolution(s) passed |
|---------|---------------------|-------------|---|-------------------------------------|
| 2017-18 | 13th September 2018 | 03.00 P. M. | 'Shripati Singhanian Hall',<br>Rotary Sadan,<br>94/2 Chowringhee Road,<br>Kolkata-700 020 | 1                                   |
| 2016-17 | 4th September 2017  | 02.30 P. M. |   | NIL                                 |
| 2015-16 | 1st September 2016  | 10.30 A. M. |   | 1                                   |



During the year 2018-19, the following resolutions were passed by way of Postal Ballot:

- i. Special resolution for re-appointment of Shri S. V. Kanoria (DIN : 02097441) as Wholetime Director of the Company for a period of three years w.e.f. 1st April, 2019, pursuant to Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, subject to other approvals, if any.
- ii. Special resolution pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for continuation of directorship of Shri G. Parthasarathy (DIN: 00068510), who was appointed as an Independent Director of the Company for a period of five years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019 and who has attained the age of 75 years, for the remaining period of his existing tenure of directorship as Independent Director of the Company.

The postal ballot process was undertaken in accordance with the provisions of Section 110 of the Companies Act, 2013 ("the Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014. Shri H. M. Choraria, a practising company secretary was appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner and to report thereon.

The dispatch of Postal Ballot Notice dated 13th February 2019, along with the Explanatory Statements and self addressed prepaid reply envelope, to the Members of the Company was completed on 23rd February 2019

The e-voting period commenced from 9.00 A.M. (IST) on Sunday, the 24th February 2019 and ended at 5.00 P.M. (IST) on Monday, the 25th March 2019.

The last date for receipt of completed Postal Ballot Form by the Scrutinizer was 5.00 P.M. (IST) on Monday, the 25th March 2019.

Based on the Scrutinizer's Report, results of the Postal Ballot and e-voting were declared on 27th March 2019 at the Registered Office of the Company. The resolutions were passed with the requisite majority. The details of the Postal Ballot Voting (including e-voting) are given below:

- i. Special resolution for re-appointment of Shri S. V. Kanoria as the Wholetime Director  
Valid votes cast in favour of the resolution – 99.9907%  
Valid votes cast against the resolution – 0.0093%
- ii. Special resolution for continuing directorship of Shri G. Parthasarathy as Non-Executive Independent Director  
Valid votes cast in favour of the resolution – 99.9812%  
Valid votes cast against the resolution – 0.0188%

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

## SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements, particularly the investments made by the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: [www.kanoriachem.com/images/MatSub.pdf](http://www.kanoriachem.com/images/MatSub.pdf).

## DISCLOSURES:

### RELATED PARTY TRANSACTIONS

During the year under review, the Company had not entered into any material transaction with any of its related parties. All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the Note No. 42 to the Standalone Financial Statements, forming part of the Annual Report. There are no pecuniary relationships or transactions with the non-executive Director and Independent Directors. The Policy on Related Party Transactions as approved by the Board of Directors may be accessed on the Company's website at the link: [www.kanoriachem.com/images/RelPar.pdf](http://www.kanoriachem.com/images/RelPar.pdf).

### MEANS OF COMMUNICATION

The Company makes timely disclosures of required information to the Stock Exchanges in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

The quarterly and annual financial results were taken on record and approved within the prescribed time limits. The approved results were thereafter sent to the Stock Exchanges and also posted on website of the Company for the information of shareholders/investors.

The financial results were also published in leading dailies "Business Standard" (English Daily all editions) and "Ei Samay"/"Aajkaal" (vernacular language - Bengali newspapers) within 48 hours of the Meeting.

As the Company publishes its half-yearly results in English newspapers having nationwide circulation and in a vernacular language (Bengali), the details of financial performance is not sent individually to each shareholder of the Company.

The Company issues official press releases to the print media from time to time and also updates Analysts on the activities of the Company.

The Company has its own website [www.kanoriachem.com](http://www.kanoriachem.com) where information about the Company is displayed and regularly updated. An e-mail ID [investor@kanoriachem.com](mailto:investor@kanoriachem.com) has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

## CEO AND CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, 2015, the Managing Director and the Group Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year under review, compliance with the accounting standards and applicable laws and regulations, maintenance of internal control for financial reporting and accounting policies.

## CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website.

It is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2018-19, as required under Regulation 26(3) of the Listing Regulations, 2015 and a declaration to this effect signed by the Chairman & Managing Director forms part of the Annual Report.

## MECHANISM TO PREVENT INSIDER TRADING

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a Code of Conduct to regulate, monitor and report trading by Designated Persons, which inter alia, prohibits trading in the shares of the Company by the Designated Persons, while in possession of unpublished price sensitive information in relation to the Company.

## WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors, employees and any other stakeholder to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct or policies and leak or suspected leak of unpublished price sensitive information of the Company. The concerns may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

## TRANSFER OF SHARES/UNCLAIMED DIVIDEND TO IEPF AUTHORITY

As required under Section 124(6) of the Companies Act, 2013, during the year the Company has transferred 17,972 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority.

During the year under review, the Company has deposited unclaimed dividend of Rs. 1,303,595/- for the year 2010-11 to the Investor Education and Protection Fund on 28th September 2018, pursuant to Section 125 of the Companies Act, 2013 read with allied rules.

## UNCLAIMED SHARES

Pursuant to Regulation 39 of the Listing Regulations, 2015, for the unclaimed shares issued in physical form and remaining unclaimed, the Company has a separate "Unclaimed Suspense Account." The particulars of Unclaimed Suspense Account are as follows:

| Particulars   | No. of Shareholders | No. of Shares |
|---|---------------------|---------------|
| Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year  | 39                  | 51,030        |
| Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year  | 0                   | 0             |
| Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year  | 0                   | 0             |
| Number of shares transferred to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as required under Section 124(6) of the Companies Act, 2013   | 0                   | 0             |
| Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. | 39                  | 51,030        |

## TOTAL FEES PAID TO AUDITOR

Total fees for all the services paid by the Company to the Statutory Auditor during the year amounted to Rs. 1.91 million. Any of the subsidiary companies has not paid any fee to the Company's Statutory Auditor or any of its network firm.

## COMPLIANCE OF MATTERS RELATED TO CAPITAL MARKETS

There has been no non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.

## COMPLIANCE OF MANDATORY AND NON-MANDATORY PROVISIONS OF THE CODE

(A) The Company has complied with all the mandatory requirements of the Listing Regulations, 2015.

(B) Following is the status of the compliance with the non-mandatory requirements of the said Regulations:

i) Audit Opinion:

For the year under review, the Auditors have expressed their unmodified opinion on the financial statements of the Company.

ii) Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee. The same is reported by briefing the Audit Committee through observations, review, comments and recommendations etc. in the Internal Audit Reports by the Internal Auditor of the Company.

## COMPLIANCE CERTIFICATE OF THE AUDITORS

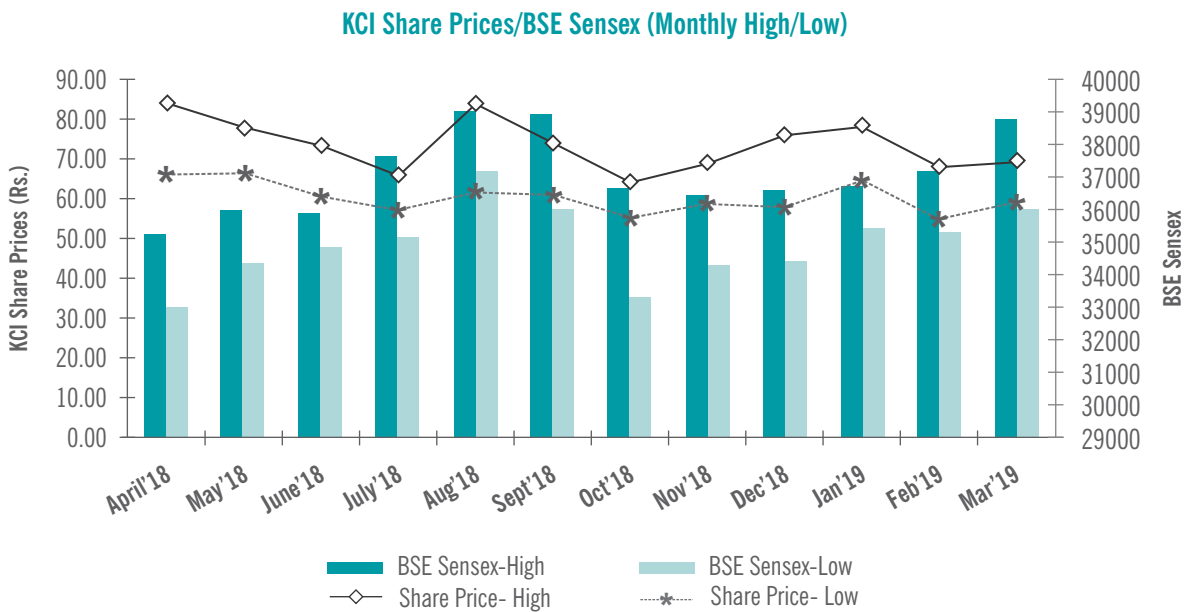
The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 is annexed hereto.

## GENERAL SHAREHOLDERS' INFORMATION

|    |   |   |
|----|---|---|
| 1. | Annual General Meeting<br>• Date and time<br>• Venue  | 4th September 2019 at 2.30 P. M.<br>'Shripati Singhanian Hall', Rotary Sadan<br>94/2 Chowringhee Road Kolkata-700 020   |
| 2. | Financial Year<br><u>Financial Calendar 2019-20</u><br>(tentative and subject to change)<br>• Financial Results for the:<br>quarter ending 30th June 2019<br>quarter ending 30th September 2019<br>quarter ending 31st December 2019<br>year ending 31st March 2020<br>• Annual General Meeting 2019-20 | 1st April to 31st March<br><br>)<br>) Within 45 days of end of respective quarter<br>)<br>By 30th May 2020<br>By September 2020   |
| 3. | Date of Book Closure  | 29th August, 2019 to 4th September 2019 (both days inclusive)   |
| 4. | Dividend Payment Date   | On or after 11th September 2019 (subject to shareholders' approval)   |
| 5. | Listing on Stock Exchanges  | National Stock Exchange of India Ltd.<br>'Exchange Plaza'<br>Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051<br>www.nseindia.com<br><br>BSE Limited<br>P. J. Towers, Dalal Street, Fort<br>Mumbai - 400 001<br>www.bseindia.com<br><br>Note: Listing fee for the year 2018-19 has been paid to the above Stock Exchanges. |

|    |  |                       |             |             |            |
|----|--|-----------------------|-------------|-------------|------------|
| 6. | Stock Code:<br>BSE Ltd.<br>National Stock Exchange of India Ltd. | 50 6525<br>KANORICHEM |             |             |            |
| 7. | Stock Price Data (in Rs./per share)                              |                       |             |             |            |
|    | <b>Months</b>  | <b>NSE*</b>           | <b>BSE*</b> |             |            |
|    |  | <b>High</b>           | <b>Low</b>  | <b>High</b> | <b>Low</b> |
|    | April 2018   | 84.25                 | 66.45       | 84.10       | 66.10      |
|    | May 2018   | 78.00                 | 66.35       | 77.90       | 66.55      |
|    | June 2018  | 73.50                 | 61.00       | 73.35       | 60.50      |
|    | July 2018  | 66.95                 | 56.45       | 65.85       | 57.10      |
|    | August 2018  | 84.90                 | 62.10       | 84.00       | 61.75      |
|    | September 2018   | 77.70                 | 60.80       | 73.95       | 61.10      |
|    | October 2018   | 64.45                 | 54.00       | 64.15       | 55.05      |
|    | November 2018  | 69.00                 | 58.25       | 69.00       | 59.00      |
|    | December 2018  | 75.80                 | 57.25       | 76.10       | 58.00      |
|    | January 2019   | 78.40                 | 64.20       | 78.45       | 64.50      |
|    | February 2019  | 69.00                 | 55.10       | 68.00       | 54.80      |
|    | March 2019   | 70.05                 | 59.10       | 69.40       | 59.20      |

\* Source: Website of NSE and BSE



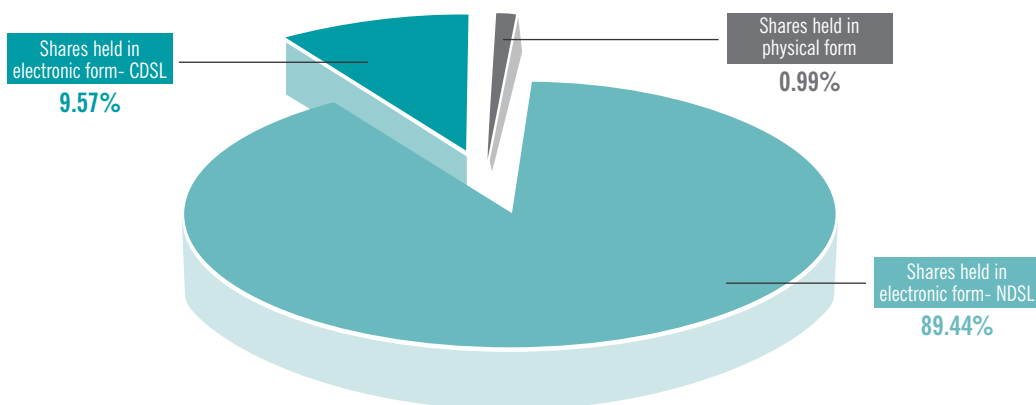
|    |                                    |   |
|----|------------------------------------|---|
| 8. | Registrar and Share Transfer Agent | C. B. Management Services (P) Limited<br>P-22, Bondel Road, Kolkata –700 019<br>Phone: (033) 22806692, 40116700<br>Fax: (033) 40116739<br>Email: rta@cbmsl.com                                  |
| 9. | (a) Share Transfer System          | The share transfers which were received in physical form were processed within the prescribed time from the date of receipt, subject to the documents being valid and complete in all respects. |

Details of the share transfers during the year 2018-19:

|   |        |
|---|--------|
| No. of valid share transfer applications received, processed and registered | 147    |
| No. of shares transferred   | 10,231 |
| No. of share transfers in process as on 31.03.2019                          | 118    |
| No. of shares dematerialised  | 55,752 |
| No. of shares rematerialized  | NIL    |

|   |   |
|---|---|
| (b) Dematerialisation of Shares and liquidity | <p>Depositories:<br/>National Securities Depository Limited, Mumbai (“NSDL”) and Central Depository Services (India) Limited, Mumbai (“CDSL”). The Equity Shares of the Company are compulsorily traded and settled through Stock Exchanges only in the dematerialised form.</p> <p>Details of shares held in dematerialised form with depositories as on 31st March 2019:-</p> <ul style="list-style-type: none"> <li>- NSDL: 39,078,178 Shares (89.44%)</li> <li>- CDSL: 4,181,407 Shares (9.57%)</li> </ul> <p>Shares held in Physical form: 433,748 Shares (0.99%)</p> <p>Under the Depository System, International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 138C01024.</p> <p>Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Company is informed periodically by the Depositories about the beneficiary holdings to enable the Company to send corporate communication, dividend etc.</p> <p>The requests received for dematerialisation are processed within a period of 10 days from the date of receipt of request provided they are in order in every respect.</p> |
|---|---|

The Company has connectivity with the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Annual Custody Fee for the financial year 2018-19 has been paid by the Company to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

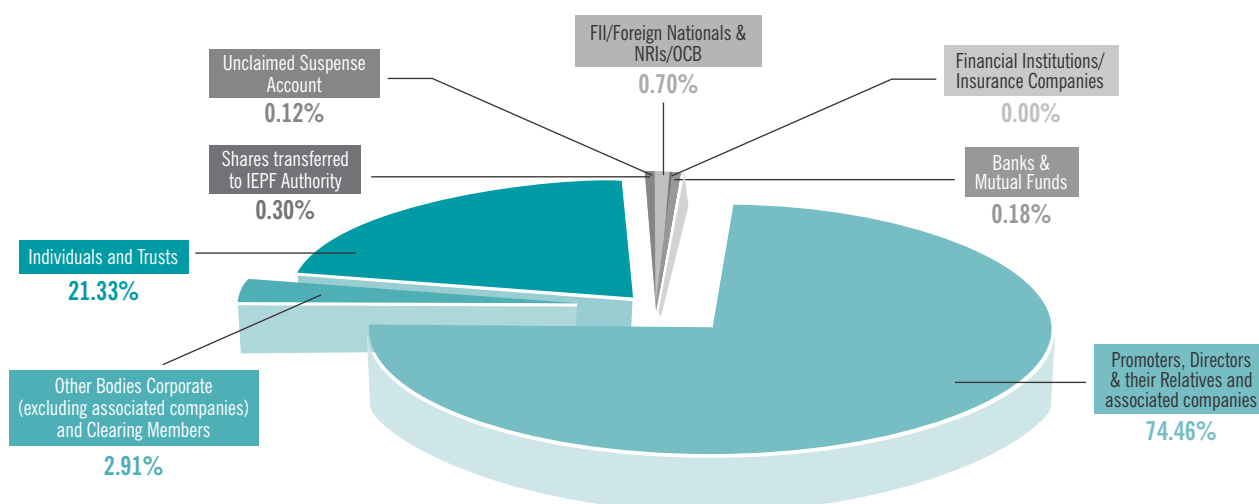


|  |  |
|--|--|
| (c) National Electronic Clearing Service (NECS) for Dividend | Your Company provides shareholders the option to receive dividend through the NECS facility. To avoid risk of loss and/or interception of dividend instruments in postal transit and/or fraudulent encashment, shareholders are requested to avail the NECS facility, where dividends are directly credited in electronic form to their respective bank accounts.<br><br>SEBI has mandated submission of the bank account details by the shareholders holding shares in physical form. This will enable the Company to incorporate this information in dividend instruments to minimise the risk of fraudulent encashment. |
|--|--|

| 10. Distribution of Equity Shareholding as on 31st March 2019 |                        |                   |                         |                    |
|---|------------------------|-------------------|-------------------------|--------------------|
| Nominal value of Shareholding                                 | Number of Shareholders | % of Shareholders | Number of Equity Shares | % of Share Capital |
| Up to Rs. 5,000   | 15,214                 | 89.68             | 3,286,103               | 7.52               |
| Rs. 5,001 - Rs. 10,000  | 874                    | 5.15              | 1,328,627               | 3.04               |
| Rs. 10,001 - Rs. 20,000                                       | 489                    | 2.88              | 1,404,560               | 3.22               |
| Rs. 20,001 - Rs. 30,000                                       | 151                    | 0.89              | 747,268                 | 1.71               |
| Rs. 30,001 - Rs. 40,000                                       | 64                     | 0.38              | 452,181                 | 1.03               |
| Rs. 40,001 - Rs. 50,000                                       | 53                     | 0.31              | 489,751                 | 1.12               |
| Rs. 50,001 - Rs. 1,00,000                                     | 67                     | 0.40              | 949,320                 | 2.17               |
| Rs. 1,00,001 and above  | 52                     | 0.31              | 35,035,523              | 80.19              |
| <b>Total</b>  | <b>16,964</b>          | <b>100.00</b>     | <b>43,693,333</b>       | <b>100.00</b>      |

| 11. Equity Shareholding Pattern as on 31st March 2019                        |                    |                   |
|--|--------------------|-------------------|
| Category   | No. of Shares held | % of Shareholding |
| Promoters, Directors & their Relatives and associated companies              | 32,534,254         | 74.46             |
| FII/Foreign Nationals & NRIs/OCB   | 304,344            | 0.70              |
| Financial Institutions / Insurance Companies                                 | 2,300              | 0.00              |
| Banks & Mutual Funds   | 77,844             | 0.18              |
| Other Bodies Corporate (excluding associated companies) and Clearing Members | 1,269,393          | 2.91              |
| Individuals and Trusts   | 9,323,350          | 21.33             |
| Shares transferred to IEPF Authority   | 130,818            | 0.30              |
| Unclaimed Suspense Account   | 51,030             | 0.12              |
| <b>Total</b>   | <b>43,693,333</b>  | <b>100.00</b>     |

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2019



| 12.    | Top Ten Shareholders of the Company as on 31st March 2019   |   |                   |
|--------|---|---|-------------------|
| Sl. No | Name of Shareholders  | No. of shares   | % of shareholding |
| i.     | Vardhan Limited   | 26,190,872  | 59.94             |
| ii.    | R V Investment & Dealers Limited  | 3,210,120   | 7.35              |
| iii.   | Kirtivardhan Finvest Services Limited   | 1,154,907   | 2.64              |
| iv.    | Saumya Vardhan Kanoria  | 556,440   | 1.27              |
| v.     | Madhuvanti Kanoria  | 498,321   | 1.14              |
| vi.    | Rajya Vardhan Kanoria   | 461,481   | 1.06              |
| vii.   | Anand Vardhan Kanoria   | 434,739   | 0.99              |
| viii.  | Chartered Finance & Leasing Limited   | 350,000   | 0.80              |
| ix.    | Poonam Arora  | 192,073   | 0.44              |
| x.     | Sanjeev Bubna   | 169,757   | 0.39              |
|        | <b>Total</b>  | <b>33,218,710</b>   | <b>76.02</b>      |
| 13.    | Outstanding GDR/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity.  | The Company has not issued GDRs/ ADRs/ Warrants or any other convertible Instruments.   |                   |
| 14.    | Commodity Price Risk/Foreign Exchange Risk and Hedging Activities   | <p>Prices and demand for the Company's products are strongly influenced by Global Demand and Prices. Volatility in commodity prices and demand may have effect on our earnings.</p> <p>We consider exposure to commodity price fluctuation to be an integral part of our business. Our usual policy is to buy and sell our products at prevailing market prices and not to enter price hedging arrangements.</p> <p>The Company has foreign currency exposure in both assets and liabilities. The foreign exchange risk arising from these exposures are managed with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposure after taking into consideration the natural hedge available in USD-INR terms. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2019 are disclosed in Note No. 40 to the Standalone Financial Statements.</p> |                   |
| 15.    | Credit Ratings and any revisions thereto for any debt instruments or any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad. | <p>The Company has not issued any debt instrument and does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.</p> <p>CARE Ratings Limited (CARE) has reaffirmed CARE A+ (Single A Plus) rating for the long-term bank facilities of the Company and CARE A1+ (A One Plus) ratings for the short-term bank facilities and Commercial Paper.</p> <p>There was no revision in the said ratings during the year under review.</p>  |                   |
| 16.    | Plant Locations   | <p><b>I. Alcochem Ankleshwar Division</b><br/>Ankleshwar Chemical Works, 3407, GIDC Industrial Estate, P.O. Ankleshwar-393 002, Dist. Bharuch (Gujarat).</p> <p><b>II. Alcochem Vizag Division</b><br/>Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam - 531 021, Andhra Pradesh</p> <p><b>III. Alcochem Naidupeta Division</b><br/>Plot No. 50 and 51, Block - C, Industrial Park, Menakur Village, Naidupeta - 524 421, Dist. Nellore, Andhra Pradesh</p> <p><b>IV. Solar Power Plant</b><br/>Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)</p>  |                   |
| 17.    | Address for Correspondence:<br>For Investors' matters   | <p><i>Company Secretary</i><br/>Kanoria Chemicals &amp; Industries Limited<br/>'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019<br/>Phone : (033) 4031 3200 Email: nksethia@kanoriachem.com<br/>Website: <a href="http://www.kanoriachem.com">http://www.kanoriachem.com</a></p>  |                   |
|        | For queries relating to Financial Statements  | <p><i>Group Chief Financial Officer</i><br/>Kanoria Chemicals &amp; Industries Limited<br/>'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019.<br/>Phone: (033) 4031 3200 Email: nolkha@kanoriachem.com<br/>Website: <a href="http://www.kanoriachem.com">http://www.kanoriachem.com</a></p>  |                   |

**Registered Office**

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata 700 019  
Date: 27th May 2019

For and on behalf of the Board,

R. V. Kanoria  
Chairman & Managing Director  
DIN:00003792

## DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT

(Regulation 34, read with Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm that the Company has adopted a Code of Conduct for its Directors and Senior Management Personnel ("Code") and that the same is available on the website of the Company, [www.kanoriachem.com](http://www.kanoriachem.com)

I hereby declare that all the Board Members and Senior Management Personnel have affirmed their compliance with the aforesaid Code for the Financial Year ended 31st March 2019.

**Registered Office**

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata 700 019  
Date: 27th May 2019

For and on behalf of the Board,

R. V. Kanoria  
Chairman & Managing Director  
DIN:00003792

## CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

### CERTIFICATE

(Pursuant to clause 10 of Para C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

In pursuance of sub clause (i) of clause 10 of Para C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) in respect of KANORIA CHEMICALS & INDUSTRIES LTD (CIN: L24110WB1960PLC024910), We hereby certify that

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2019, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

For N.K. & Associates  
Company Secretaries

Navin Kothari  
Proprietor  
FCS No.: 5935  
CP No.: 3725

Place: Kolkata  
Date: 27.05.2019



## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Kanoria Chemicals & Industries Limited ("the Company"), for the year ended on 31st March, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

#### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

#### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. 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.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2019.
8. We 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 the affairs of the Company.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

# INDEPENDENT AUDITOR'S REPORT

To the Members of

**KANORIA CHEMICALS & INDUSTRIES LIMITED**

**REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

**OPINION**

We have audited the accompanying Ind AS standalone financial statements of KANORIA CHEMICALS & INDUSTRIES LIMITED (“the Company”), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of 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 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, its total 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 Companies Act, 2013. Our responsibilities under those Standards 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 (ICAI) 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone 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 standalone financial statements for the financial year ended March 31, 2019. 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. We have determined the matters described below to be the key audit matters to be communicated through our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying standalone financial statements.

| KEY AUDIT MATTER  | AUDITOR'S RESPONSE   |
|---|--|
| <p><b>Investment and Loans given to subsidiary Kanoria Africa Textiles Private Limited Company (KATP), Ethiopia</b></p> <p>Refer note no. 6 &amp; 7 to the accompanying standalone financial statements.</p> <p>The Company's carrying amount of investments in KATP as at 31st March, 2019 stood at Rs. 814.54 millions, which include Rs. 285.30 million of loan converted into equity during the current financial year which was based on a valuation obtained from an independent authorized valuer.</p> <p>In addition, the Company has also provided KATP with loan of Rs. 661.97 millions.</p> <p>Considering the materiality of the amounts involved, the significant management judgement required in estimating the valuation of KATP and such judgements being inherently subjective, this matter has been identified as a key audit matter for the current year audit.</p> | <p><b>Principal Audit Procedures:</b></p> <ol style="list-style-type: none"> <li>a. Obtained an understanding of management's process and evaluate design and tested operating effectiveness of controls around valuation of the business of KATP to determine recoverable value of the said investment.</li> <li>b. Assessed the appropriateness of methodology and valuation model used by the management to estimate the per equity share value of KATP.</li> <li>c. Assessed the professional competence, objectivity and capabilities of the valuation specialist engaged by the management.</li> <li>d. Assessed the reasonableness of assumptions relating to revenue growth rate, gross margins, discount rates etc. based on the historical results, current developments and future plans of the business estimated by management using expertise of our valuation specialist on required parameters.</li> <li>e. Assessed cash flow forecasts to ensure consistency with current operations of the Company.</li> <li>f. Based on our procedures, we also found that the valuation arrived by the independent valuer is reasonable as per the future projections of KATP and the further investment made in KATP is thus justified.</li> </ol> |

## INDEPENDENT AUDITOR'S REPORT

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include standalone financial statements, consolidated financial statements and our auditor's 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 during the course of our 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.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the relevant rules, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

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

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

- a. 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.
- b. 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 system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

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 auditor's report unless law or regulation precludes public disclosure of 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 interests of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by section 143(3) of the Act, we report that:
  - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.
  - ii. 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.
  - iii. The Balance Sheet, Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - iv. In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
  - v. On the basis of written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act.
  - vi. With respect to the adequacy of the internal financial controls with reference to the standalone financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - vii. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion, and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(5) of the Act.
  - viii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i) Pending litigations (other than those already recognized in the accounts) having material impact on the financial position of the Company have been disclosed in the standalone financial statements as required in terms of accounting standards and provisions of the Companies Act, 2013 – refer note no. 30 of the standalone financial statements.
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except, for Rs. 1.07 million which is held in abeyance due to pending legal cases.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner

Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanoria Chemicals & Industries Limited of even date)

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipments.
  - b) The management has physically verified the property, plant and equipments of the Company in a phased manner to cover the entire block of assets once in a year and no material discrepancies were noticed.
  - c) According to the 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 of land and buildings are held in the name of the Company as at the balance sheet date.
- ii. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and the book stock, wherever ascertained were not significant and have been dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans & investments made and guarantees provided.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public within the meaning of section 73 to 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the Company. We have broadly reviewed such accounts and records and are of the opinion that prime facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of account:
  - a) The Company has been regular in depositing to the appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, duty of customs, goods & service tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed statutory dues as above were outstanding as at March 31, 2019 for a period of more than six months from the date they became payable.
  - b) The details of disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise & value added tax, which have not been deposited and the forum where the dispute is pending as on March 31, 2019 are as under :-

| Name of the statute          | Nature of Dues | Amount<br>(Rs. in millions) | Period to which it relates | Forum where dispute is pending                      |
|------------------------------|----------------|-----------------------------|----------------------------|---|
| The Central Excise Act, 1944 | Excise Duty    | 3.82                        | Apr-10 to May-16           | Commissioner (A) –<br>Central Excise, Visakhapatnam |
| The Indian Stamp Act, 1899   | Stamp Duty     | 4.06                        | 2011-12                    | Rajasthan High Court                                |

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

- viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institutions or Banks or dues to debenture holders. Further as at the Balance sheet date the Company does not have any loans or borrowing from the Government.
- ix. According to the information and explanation given to us and based on our overall examination of the books of accounts, we report that the company has applied the moneys raised by way of term loan for the purposes for which they were raised. Furthermore, the company has neither raised moneys through initial public offer nor through further public offer during the year.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- 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/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a nidhi company and hence, paragraph 3(xii) of the Order is not applicable.
- 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 sections 177 and 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 give 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 paragraph 3(xiv) of the Order is 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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (vi) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kanoria Chemicals & Industries Limited of even date)

**Report on the Internal Financial Controls with reference to the standalone financial statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the standalone financial statement of Kanoria Chemicals & Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the standalone financial statement 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statement and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statement included obtaining an understanding of internal financial controls with reference to the standalone financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 the standalone financial statement.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENT**

A company's internal financial control with reference to the standalone financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the standalone financial statement includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to the standalone financial statement, 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 the standalone financial statement to future periods are subject to the risk that the internal financial control with reference to the standalone financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to the standalone financial statement and such internal financial controls with reference to the standalone financial statement were operating effectively as at March 31, 2019, based on the internal control with reference to the standalone financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

ABHISHEK MOHTA  
Partner  
Membership No. 066653



# BALANCE SHEET

As at 31<sup>st</sup> March 2019

(Rs. In million)

| Particulars   | Notes | As at 31st March 2019 | As at 31 <sup>st</sup> March 2018 |
|---|-------|-----------------------|-----------------------------------|
| <b>ASSETS</b>   |       |                       |                                   |
| <b>Non-Current Assets</b>                             |       |                       |                                   |
| (a) Property, Plant and Equipment                     | 5A    | 3,913.35              | 4,025.66                          |
| (b) Capital Work-in-Progress                          |       | 337.81                | 67.91                             |
| (c) Other Intangible Assets                           | 5B    | 5.26                  | 9.79                              |
| (d) Financial Assets                                  |       |                       |                                   |
| (i) Investments                                       | 6A    | 1,559.20              | 1,453.85                          |
| (ii) Loans  | 7     | 884.51                | 803.05                            |
| (iii) Others  | 8     | 16.90                 | 13.25                             |
| (e) Other Non-Current Assets                          | 9     | 26.86                 | 3.29                              |
| <b>Total Non-Current Assets</b>                       |       | <b>6,743.89</b>       | <b>6,376.80</b>                   |
| <b>Current Assets</b>                                 |       |                       |                                   |
| (a) Inventories                                       | 10    | 279.65                | 419.11                            |
| (b) Financial Assets                                  |       |                       |                                   |
| (i) Investments                                       | 6B    | 21.05                 | -                                 |
| (ii) Trade Receivables                                | 11    | 623.61                | 529.31                            |
| (iii) Cash and Cash Equivalents                       | 12A   | 48.03                 | 21.32                             |
| (iv) Bank Balances other than (iii) above             | 12B   | 242.31                | 352.53                            |
| (v) Loans   | 7     | 185.13                | 89.98                             |
| (vi) Others   | 8     | 69.17                 | 160.79                            |
| (c) Current Tax Assets (Net)                          | 13    | 193.93                | 195.11                            |
| (d) Other Current Assets                              | 9     | 84.60                 | 119.51                            |
| <b>Total Current Assets</b>                           |       | <b>1,747.48</b>       | <b>1,887.66</b>                   |
| <b>Total Assets</b>                                   |       | <b>8,491.37</b>       | <b>8,264.46</b>                   |
| <b>EQUITY AND LIABILITIES</b>                         |       |                       |                                   |
| <b>EQUITY</b>   |       |                       |                                   |
| Equity Share Capital                                  | 14    | 218.49                | 218.49                            |
| Other Equity  | 15    | 5,875.15              | 5,878.43                          |
| <b>Total Equity</b>                                   |       | <b>6,093.64</b>       | <b>6,096.92</b>                   |
| <b>LIABILITIES</b>                                    |       |                       |                                   |
| <b>Non-Current Liabilities</b>                        |       |                       |                                   |
| (a) Financial Liabilities                             |       |                       |                                   |
| (i) Borrowings  | 16    | 485.78                | 196.88                            |
| (ii) Other Financial Liabilities                      | 17    | 3.46                  | 10.04                             |
| (b) Provisions  | 18    | 69.65                 | 63.98                             |
| (c) Deferred Tax Liabilities (Net)                    | 19A   | 504.61                | 505.00                            |
| <b>Total Non-Current Liabilities</b>                  |       | <b>1,063.50</b>       | <b>775.90</b>                     |
| <b>Current Liabilities</b>                            |       |                       |                                   |
| (a) Financial Liabilities                             |       |                       |                                   |
| (i) Borrowings  | 16    | 600.57                | 683.48                            |
| (ii) Trade Payables                                   | 20    |                       |                                   |
| Total outstanding dues of Micro and small enterprises |       | 26.08                 | -                                 |
| Total outstanding dues of others                      |       | 411.88                | 473.09                            |
| (iii) Other Financial Liabilities                     | 17    | 236.46                | 199.01                            |
| (b) Other Current Liabilities                         | 21    | 28.93                 | 7.99                              |
| (c) Provisions  | 18    | 30.31                 | 28.07                             |
| <b>Total Current Liabilities</b>                      |       | <b>1,334.23</b>       | <b>1,391.64</b>                   |
| <b>Total Liabilities</b>                              |       | <b>2,397.73</b>       | <b>2,167.54</b>                   |
| <b>Total Equity and Liabilities</b>                   |       | <b>8,491.37</b>       | <b>8,264.46</b>                   |
| Significant Accounting Policies                       | 3     |                       |                                   |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For J K V S & CO

(Formerly JITENDRA K AGARWAL & ASSOCIATES)

Chartered Accountants

Firm Registration No.318086E

ABHISHEK MOHTA

Partner

Membership No. 066653

Place: New Delhi

Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI

Director

(DIN:01097705)

R. V. KANORIA

Managing Director

(DIN:00003792)

N. K. NOLKHA

Group Chief Financial Officer

N. K. SETHIA

Company Secretary

# STATEMENT OF PROFIT & LOSS

For the year ended 31<sup>st</sup> March 2019

(Rs. In Million)

| Particulars   | Notes  | For the year ended<br>31st March 2019 | For the year ended<br>31st March 2018 |
|---|--------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>   |        |                                       |                                       |
| Revenue from Operations   | 22     | 4,475.03                              | 3,468.14                              |
| Other Income  | 23     | 133.18                                | 233.08                                |
| <b>Total Income</b>   |        | <b>4,608.21</b>                       | <b>3,701.22</b>                       |
| <b>EXPENSES</b>   |        |                                       |                                       |
| Cost of Materials Consumed  |        | 3,159.09                              | 2,393.13                              |
| Purchase of Stock-in-Trade  |        | 91.89                                 | 12.06                                 |
| Change in Inventories of Finished Goods and Work-in-Progress                                      |        | 16.87                                 | 16.41                                 |
| Excise Duty on Sale of Goods  |        | -                                     | 80.66                                 |
| Employee Benefit Expenses   | 24     | 250.24                                | 230.63                                |
| Other Expenses  | 26     | 690.86                                | 603.46                                |
| <b>Expenses</b>   |        | <b>4,208.95</b>                       | <b>3,336.35</b>                       |
| <b>Profit before finance Costs, Depreciation &amp; Amortisation<br/>Exceptional Items and Tax</b> |        | <b>399.26</b>                         | <b>364.87</b>                         |
| Finance Costs   | 25     | 64.18                                 | 70.58                                 |
| Depreciation and Amortisation Expenses  | 5A, 5B | 200.54                                | 211.88                                |
| <b>Profit before Exceptional Items and Tax</b>  |        | <b>134.54</b>                         | <b>82.41</b>                          |
| Exceptional Item  | 27     | 28.00                                 | -                                     |
| <b>Profit Before Tax</b>  |        | <b>106.54</b>                         | <b>82.41</b>                          |
| Tax Expenses:   |        |                                       |                                       |
| Current Tax   |        | 30.20                                 | 21.17                                 |
| MAT Credit Entitlement  |        | (18.28)                               | (21.17)                               |
| Deferred Tax  |        | 18.12                                 | 26.41                                 |
| <b>Profit for the year</b>  |        | <b>76.50</b>                          | <b>56.00</b>                          |
| <b>OTHER COMPREHENSIVE INCOME (OCI)</b>   |        |                                       |                                       |
| A (i) Items that will not be reclassified to Profit or Loss                                       | 28A    | (1.57)                                | (0.53)                                |
| (ii) Income-tax relating to items that will not be reclassified to Profit & Loss                  |        | 0.80                                  | 0.55                                  |
| B (i) Items that will be reclassified to Profit or Loss   | 28B    | -                                     | (26.97)                               |
| (ii) Income-tax relating to items that will be reclassified to Profit & Loss                      |        | -                                     | 3.11                                  |
| <b>Other Comprehensive Income for the year, net of tax</b>  |        | <b>(0.77)</b>                         | <b>(23.84)</b>                        |
| <b>Total Comprehensive Income for the Year</b>  |        | <b>75.73</b>                          | <b>32.16</b>                          |
| Earning per Share (INR) - Basic & Diluted   | 29     | 1.75                                  | 1.28                                  |
| Significant Accounting Policies   | 3      |                                       |                                       |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed  
For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI  
Director  
(DIN:01097705)

R. V. KANORIA  
Managing Director  
(DIN:00003792)

N. K. NOLKHA  
Group Chief Financial Officer

N. K. SETHIA  
Company Secretary

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31<sup>st</sup> March 2019

(Rs. In Million)

| (A) Equity Share Capital                |  |                         |  |  |                         |  |
|---|--|-------------------------|--|--|-------------------------|--|
|   | Year ended 31 <sup>st</sup> March 2019           |                         |  | Year ended 31 <sup>st</sup> March 2018           |                         |  |
|   | Balance at the beginning of the reporting period | Changes during the year | Balance at the end of the reporting period | Balance at the beginning of the reporting period | Changes during the year | Balance at the end of the reporting period |
| Equity Share Capital                    | 218.47   | -                       | 218.47                                     | 218.47   | -                       | 218.47                                     |
| Add : Forfeited Shares (amount paid up) | 0.02   | -                       | 0.02                                       | 0.02   | -                       | 0.02                                       |
| <b>Total</b>                            | <b>218.49</b>                                    | <b>-</b>                | <b>218.49</b>                              | <b>218.49</b>                                    | <b>-</b>                | <b>218.49</b>                              |

(Rs. In Million)

| (B) Other Equity                  |                      |                    |                            |                   |                                     |                  |                 |
|-----------------------------------|----------------------|--------------------|----------------------------|-------------------|-------------------------------------|------------------|-----------------|
|                                   | Reserves and Surplus |                    |                            |                   | Items of Other Comprehensive Income |                  | Total           |
|                                   | Capital Reserve      | Securities Premium | Capital Redemption Reserve | Retained Earnings | Equity Instruments                  | Debt Instruments |                 |
| <b>As at 31st March 2017</b>      | <b>34.17</b>         | <b>161.50</b>      | <b>72.69</b>               | <b>5,628.47</b>   | <b>4.46</b>                         | <b>23.86</b>     | <b>5,925.15</b> |
| Profit for the year               |                      |                    |                            | 56.00             |                                     |                  | 56.00           |
| Other Comprehensive Income        |                      |                    |                            | (0.86)            | 0.88                                | (23.86)          | (23.84)         |
| <b>Total Comprehensive Income</b> | <b>34.17</b>         | <b>161.50</b>      | <b>72.69</b>               | <b>5,683.61</b>   | <b>5.34</b>                         | <b>-</b>         | <b>5,957.31</b> |
| Dividend                          |                      |                    |                            | (65.54)           |                                     |                  | (65.54)         |
| Dividend Distribution Tax         |                      |                    |                            | (13.34)           |                                     |                  | (13.34)         |
| <b>As at 31st March 2018</b>      | <b>34.17</b>         | <b>161.50</b>      | <b>72.69</b>               | <b>5,604.73</b>   | <b>5.34</b>                         | <b>-</b>         | <b>5,878.43</b> |
| Profit for the year               |                      |                    |                            | 76.50             |                                     |                  | 76.50           |
| Other Comprehensive Income        |                      |                    |                            | (1.73)            | 0.96                                | -                | (0.77)          |
| <b>Total Comprehensive Income</b> | <b>34.17</b>         | <b>161.50</b>      | <b>72.69</b>               | <b>5,679.50</b>   | <b>6.30</b>                         | <b>-</b>         | <b>5,954.16</b> |
| Dividend                          |                      |                    |                            | (65.54)           |                                     |                  | (65.54)         |
| Dividend Distribution Tax         |                      |                    |                            | (13.47)           |                                     |                  | (13.47)         |
| <b>As at 31st March 2019</b>      | <b>34.17</b>         | <b>161.50</b>      | <b>72.69</b>               | <b>5,600.49</b>   | <b>6.30</b>                         | <b>-</b>         | <b>5,875.15</b> |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed  
For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI      R. V. KANORIA  
Director                      Managing Director  
(DIN:01097705)              (DIN:00003792)

N. K. NOLKHA                      N. K. SETHIA  
Group Chief Financial Officer      Company Secretary

# STATEMENT OF CASH FLOW

For the year ended 31<sup>st</sup> March 2019

(Rs. In Million)

|  | For the year ended<br>31st March 2019 | For the year ended<br>31st March 2018 |
|--|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                                       |                                       |
| <b>Profit before Tax</b>   | <b>134.54</b>                         | <b>82.41</b>                          |
| Adjustments for:   |                                       |                                       |
| Unrealized Debts and Claims written off                            | 0.62                                  | 0.41                                  |
| Provision for bad & doubtful Debts & Advances (net)                | 1.61                                  | 0.74                                  |
| Fair Value (profit)/Loss on Foreign Exchange Forward Contracts     | (6.17)                                | 1.24                                  |
| Finance Costs  | 64.18                                 | 70.58                                 |
| Depreciation & Amortisation  | 200.54                                | 211.88                                |
| (Profit)/Loss on Sale of Fixed Assets (Net)                        | (2.98)                                | (2.78)                                |
| (Profit)/Loss on Sale of Investments as FVTPL/FVTOCI (Net)         | (1.16)                                | (42.72)                               |
| Interest Income  | (84.93)                               | (91.27)                               |
| Fair Value gain on Financial Instruments as FVTPL (Net)            | (4.33)                                | (14.83)                               |
| Dividend Income  | (0.08)                                | (4.92)                                |
| Guarantee fee Income   | (16.65)                               | (16.72)                               |
| Liabilities Written back   | (0.63)                                | (6.34)                                |
| <b>Operating Profit before Working Capital changes</b>             | <b>284.56</b>                         | <b>187.68</b>                         |
| Adjustments for:   |                                       |                                       |
| (Increase)/ Decrease in Trade and other Receivables (Net)          | 23.84                                 | 23.28                                 |
| Inventories  | 139.46                                | (96.54)                               |
| Increase/ (Decrease) in Trade and other Payables (Net)             | (5.12)                                | 192.44                                |
| <b>Cash Generated from Operations</b>                              | <b>442.74</b>                         | <b>306.86</b>                         |
| Income Tax (Paid)/Refund (net)                                     | (28.44)                               | (20.70)                               |
| <b>Net Cash from Operating Activities</b>                          | <b>414.30</b>                         | <b>286.16</b>                         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                                       |                                       |
| Purchase of Fixed Assets   | (347.89)                              | (382.20)                              |
| Sale of Fixed Assets   | 14.72                                 | 6.06                                  |
| Loans & Advances to Subsidiaries (net)                             | (460.54)                              | (160.89)                              |
| Purchase of Investments  | (979.20)                              | (1,509.00)                            |
| Sale of Investments  | 1,116.67                              | 1,925.03                              |
| Fixed Deposits (net)   | 110.43                                | 23.27                                 |
| Interest received  | 82.21                                 | 125.60                                |
| Guarantee fee received   | 14.31                                 | 19.13                                 |
| Dividend received  | 4.90                                  | 0.10                                  |
| <b>Net Cash used in /from Investing Activities</b>                 | <b>(444.39)</b>                       | <b>47.10</b>                          |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                                       |                                       |
| Proceeds/Payments of Borrowings (net)                              | 203.36                                | (156.12)                              |
| Dividend Paid (including Dividend Distribution Tax)                | (79.01)                               | (78.88)                               |
| Finance Costs paid   | (67.55)                               | (82.82)                               |
| <b>Net Cash used in Financing Activities</b>                       | <b>56.80</b>                          | <b>(317.82)</b>                       |
| Net Increase/(Decrease) in Cash and Cash Equivalents               | 26.71                                 | 15.44                                 |
| Cash and Cash Equivalents at the beginning of the year             | 21.32                                 | 5.88                                  |
| <b>Cash and Cash Equivalents at the end of the year (Note 12A)</b> | <b>48.03</b>                          | <b>21.32</b>                          |

Note: a. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.  
b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(M).

As per our report of even date annexed  
For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI  
Director  
(DIN:01097705)

R. V. KANORIA  
Managing Director  
(DIN:00003792)

N. K. NOLKHA  
Group Chief Financial Officer

N. K. SETHIA  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Corporate Information

Kanoria Chemicals & Industries Limited (the Company) having its registered office at 'KCI Plaza', 23C Ashutosh Chowdhury Avenue, Kolkata – 700 019, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Company is primarily engaged in manufacture of Industrial Chemicals in India.

## 2. Basis of Preparation

### A. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013 (the Act) and other relevant provisions of the Act.

These financial statements have been approved for issue by the Board of Directors on 27th May 2019.

### B. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded off to the nearest two decimals of millions, unless otherwise indicated.

### C. Historical Cost Convention

The financial statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

- i. Certain financial assets and liabilities
- ii. Property, plant & equipment
- iii. Defined benefit plans

### D. Fair Value Measurement

A number of Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

- i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### E. Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

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

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

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### F. Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Detailed information about estimates and judgements is included in Note 4.

## 3. Significant Accounting Policies

### A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss on net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### B. Property, Plant & Equipment

#### *i. Recognition & Measurement*

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Statement of Profit and Loss.

#### *ii. Depreciation methods, estimated useful lives and residual value*

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act except for following items where useful life is considered as lower than that prescribed based on technical assessment:

| PPE/PPE Group   | Useful life |
|---|-------------|
| Effluent treatment plant Digester                                       | 15 years    |
| Measuring instruments like flow meters, transmitters, level gauges etc. | 10 years    |
| Other Independent Instruments   | 15 years    |

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.

Freehold land is not depreciated.

The residual values are not more than 5% of the cost of an item of PPE.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

### C. Intangible Assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

## NOTES TO THE FINANCIAL STATEMENTS

The Company amortises intangible assets with a finite useful life using the straight line method over three years.

Amortisation methods and useful lives are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

### D. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

- i. another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or
- ii. the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Finance Leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leasehold land with perpetual right has been included in property plant & equipment.

### E. Financial Instruments

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

#### I. Financial Assets

##### Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### Subsequent measurement:

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

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

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

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 37 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method. D112

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

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

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

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

This category applies to certain investments in debt instruments (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 37 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are not held for trading. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

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

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary companies (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### **Impairment of financial assets:**

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

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

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

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

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

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

## **II. Financial Liabilities**

### **Initial recognition and measurement:**

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

### **Subsequent measurement:**

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

### **Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

## NOTES TO THE FINANCIAL STATEMENTS

### III. Derivative Financial Instruments

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

### F. Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

### G. Inventories

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on weighted average method.

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.

### H. Income Tax

Income Tax comprises current and deferred tax and is recognised in Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

#### i. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

#### ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes i.e tax base. Deferred tax asset is also recognised in respect of carried forward tax losses and unused tax credits.

## NOTES TO THE FINANCIAL STATEMENTS

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

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 tax laws that have been enacted or substantively enacted by the reporting date.

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

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

### I. Revenue Recognition

#### *I. Revenue from Contract with Customer:*

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

The Company derives revenue primarily from sale of manufactured and traded goods. Revenue is recognized on satisfaction of performance obligation upon transfer of goods to a customer at an amount that reflects the consideration to which the company is expected to be entitled to in exchange for those goods.

The transaction price of goods sold is net of variable consideration on account of returns, trade allowances, rebates and amounts collected on behalf of third parties. This variable consideration is estimated based on the expected value of outflow. The company recognizes revenue when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured.

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

The impact of the adoption of the accounting policy as per this standard on the financial statements of the Company is insignificant.

#### *II. Renewable Energy Certificates (RECs)*

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and at CERC prescribed floor price for RECs held by/accrued to the Company.

#### *III. Interest Income*

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

#### *IV. Dividend*

Dividend income is recognised when the Company's right to receive the payment is established.

### J. Employee Benefits

#### *I. Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards 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.

## NOTES TO THE FINANCIAL STATEMENTS

### **II. Defined contribution plan**

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Company pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Company recognises the contributions payable towards the provident fund as an expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees

### **III. Defined benefit plan**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

### **IV. Other long term employee benefits**

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Statement of Profit and Loss in the period in which they arise.

## **K. Borrowing Costs**

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **L. Exceptional items**

When items of income and expense in the statement of profit and loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## **M. Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

## **N. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

## **O. Cash dividend to Equity shareholders**

The Company recognises a liability to make distribution of cash dividend to equity shareholders of the Company when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### P. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

### Q. Contingent Liabilities and Assets

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 financial statements. Contingent assets are not recognised in the financial statements.

### R. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### S. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

#### **Recent applicable Accounting pronouncements**

*Ind AS/Amendments to Ind AS issued but not yet effective*

The Ind AS/Amendments to Ind AS issued but not yet effective up to the date of issuance of the Company's financial Statements are disclosed below. The company intends to adopt these when it becomes effective.

| Ind AS   | Description  |
|--|--|
| Ind AS 19, Employee Benefits   | The amendment clarifies the accounting for defined benefit plans on plan amendment, curtailment and settlement.  |
| Ind AS 28, Investment in Associates and Joint Ventures               | The amendment clarifies the accounting for the share of losses of an associate or joint venture after the equity interest has been reduced to nil.   |
| Ind AS 109, Financial Instruments                                    | The amendments enable entities to measure certain financial assets with prepayment features that may yield a negative compensation on prepayment.  |
| Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements | Additional guidance was provided on acquisition accounting, where an entity obtained control of a joint operation (Ind AS 103), or where a participant in a joint control, obtained joint control over the same (Ind AS 111)   |
| Ind AS 23, Borrowing Costs   | The amendment clarifies the borrowing costs to be considered for finalisation.   |
| Ind AS 12, Income Taxes – Annual Improvements                        | The amendment clarifies the accounting for income tax consequences on distribution of profits  |
| Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments      | The appendix provides clarification on the accounting for income taxes, when there is uncertainty over income tax treatments.  |
| Ind AS 116, Leases   | The Standard sets out the principles for the recognition, de recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. This standard shall come into force on 01st day of April, 2019. |

The management has assessed no material impact of the introduction of the Ind AS/Amendment to Ind AS on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the 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. 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

#### (i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### (a) *Equity Investments measured at FVTOCI*

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

##### (b) *Business Model for Investment of Debt Instruments*

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

#### (ii) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) *Defined Benefit Plans*

"The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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."

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

##### (b) *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 valuation techniques including the DCF model. The inputs to these models are taken from observable markets 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 liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

### **(c) Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

### **(d) Impairment of Financial Assets**

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

### **(e) Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

### **(f) Taxes**

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.



## NOTES TO THE FINANCIAL STATEMENTS

### 5A. Property Plant and Equipment

(Rs. In Million)

|                           | Gross Carrying Value |              |                |                 | Depreciation   |               |                |                | Net Carrying Value |
|---------------------------|----------------------|--------------|----------------|-----------------|----------------|---------------|----------------|----------------|--------------------|
|                           | As at 01.04.18       | Additions    | Sale/ Disposal | As at 31.03.19  | As at 01.04.18 | For the Year* | Sale/ Disposal | As at 31.03.19 | As at 31.03.19     |
| Land & Site Development : |                      |              |                |                 |                |               |                |                |                    |
| Freehold                  | 701.00               | -            | -              | 701.00          | -              | -             | -              | -              | 701.00             |
| Leasehold                 | 797.80               | -            | -              | 797.80          | 33.61          | 11.21         | -              | 44.82          | 752.98             |
| Buildings                 | 772.15               | 48.10        | -              | 820.25          | 94.58          | 29.84         | -              | 124.42         | 695.83             |
| Plant & Equipment         | 2,258.85             | 43.84        | 13.22          | 2,289.47        | 436.11         | 147.13        | 1.81           | 581.43         | 1,708.04           |
| Furniture & Fixtures      | 55.99                | 2.11         | 0.17           | 57.93           | 23.26          | 5.40          | 0.10           | 28.56          | 29.37              |
| Vehicles & Fork Lifts     | 24.10                | 2.64         | 0.28           | 26.46           | 5.67           | 3.15          | 0.12           | 8.70           | 17.76              |
| Office Equipment          | 16.48                | 2.67         | 0.25           | 18.90           | 7.48           | 3.20          | 0.15           | 10.53          | 8.37               |
| <b>Total</b>              | <b>4,626.37</b>      | <b>99.36</b> | <b>13.92</b>   | <b>4,711.81</b> | <b>600.71</b>  | <b>199.93</b> | <b>2.18</b>    | <b>798.46</b>  | <b>3,913.35</b>    |

\*Refer note 33.

|                           | Gross Carrying Value |               |                |                 | Depreciation   |               |                |                | Net Carrying Value |
|---------------------------|----------------------|---------------|----------------|-----------------|----------------|---------------|----------------|----------------|--------------------|
|                           | As at 01.04.17       | Additions     | Sale/ Disposal | As at 31.03.18  | As at 01.04.17 | For the Year* | Sale/ Disposal | As at 31.03.18 | As at 31.03.18     |
| Land & Site Development : |                      |               |                |                 |                |               |                |                |                    |
| Freehold                  | 701.00               | -             | -              | 701.00          | -              | -             | -              | -              | 701.00             |
| Leasehold                 | 797.80               | -             | -              | 797.80          | 22.40          | 11.21         | -              | 33.61          | 764.19             |
| Buildings                 | 701.19               | 70.96         | -              | 772.15          | 62.83          | 31.75         | -              | 94.58          | 677.57             |
| Plant & Equipment         | 1,720.39             | 540.87        | 2.41           | 2,258.85        | 284.54         | 151.73        | 0.16           | 436.11         | 1,822.74           |
| Furniture & Fixtures      | 54.65                | 1.91          | 0.57           | 55.99           | 15.56          | 8.03          | 0.33           | 23.26          | 32.73              |
| Vehicles & Fork Lifts     | 20.12                | 5.18          | 1.20           | 24.10           | 3.38           | 2.74          | 0.45           | 5.67           | 18.43              |
| Office Equipment          | 14.05                | 2.60          | 0.17           | 16.48           | 4.87           | 2.74          | 0.13           | 7.48           | 9.00               |
| <b>Total</b>              | <b>4,009.20</b>      | <b>621.52</b> | <b>4.35</b>    | <b>4,626.37</b> | <b>393.58</b>  | <b>208.20</b> | <b>1.07</b>    | <b>600.71</b>  | <b>4,025.66</b>    |

### 5B : Intangible Assets

|                   | Gross Carrying Value |           |                |                | Amortisation   |              |                |                | Net Carrying Value |
|-------------------|----------------------|-----------|----------------|----------------|----------------|--------------|----------------|----------------|--------------------|
|                   | As at 01.04.18       | Additions | Sale/ Disposal | As at 31.03.19 | As at 01.04.18 | For the Year | Sale/ Disposal | As at 31.03.19 | As at 31.03.19     |
| Computer Software | 16.08                | 0.47      | -              | 16.55          | 6.29           | 5.00         | -              | 11.29          | 5.26               |

|                   | Gross Carrying Value |           |                |                | Amortisation   |              |                |                | Net Carrying Value |
|-------------------|----------------------|-----------|----------------|----------------|----------------|--------------|----------------|----------------|--------------------|
|                   | As at 01.04.17       | Additions | Sale/ Disposal | As at 31.03.18 | As at 01.04.17 | For the Year | Sale/ Disposal | As at 31.03.18 | As at 31.03.18     |
| Computer Software | 6.77                 | 9.31      | -              | 16.08          | 2.61           | 3.68         | -              | 6.29           | 9.79               |

# NOTES TO THE FINANCIAL STATEMENTS

## 6 : Investments

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |            |                 | 31 <sup>st</sup> March 2018 |            |                 |
|--|-----------------------------|------------|-----------------|-----------------------------|------------|-----------------|
|  | Face Value Rs.              | Nos.       | Amount          | Face Value Rs.              | Nos.       | Amount          |
| <b>(A) Non Current Investment:</b>                       |                             |            |                 |                             |            |                 |
| <b>Investments at Cost</b>                               |                             |            |                 |                             |            |                 |
| <b>Equity Shares, Fully Paid (Unquoted)</b>              |                             |            |                 |                             |            |                 |
| <b>In Subsidiary Companies</b>                           |                             |            |                 |                             |            |                 |
| Pipri Ltd.   | 10                          | 4,650,550  | 48.01           | 10                          | 4,650,550  | 48.01           |
| APAG Holding AG, Switzerland                             | CHF 1000                    | 300        | 423.14          | CHF 1000                    | 300        | 423.14          |
| Kanoria Africa Textiles Plc, Ethiopia                    | ETB 10                      | 32,937,628 | 814.54          | ETB 10                      | 22,386,068 | 529.24          |
| <b>Total Investments at Cost</b>                         |                             |            | <b>1,285.69</b> |                             |            | <b>1,000.39</b> |
| <b>Investments at Fair Value through OCI</b>             |                             |            |                 |                             |            |                 |
| <b>Equity Shares, Fully Paid (Quoted)</b>                |                             |            |                 |                             |            |                 |
| IFCI Ltd.  | 10                          | 200        | 0.00            | 10                          | 200        | 0.00            |
| HDFC Bank Ltd.   | 2                           | 2,500      | 5.80            | 2                           | 2,500      | 4.72            |
| Bank of India  | 10                          | 9,000      | 0.94            | 10                          | 9,000      | 0.93            |
| <b>Equity Shares, Fully Paid (Unquoted)</b>              |                             |            |                 |                             |            |                 |
| Enviro Technology Ltd.                                   | 10                          | 10,000     | 0.10            | 10                          | 10,000     | 0.10            |
| Bharuch Enviro Infrastructure Ltd.                       | 10                          | 1,400      | 0.01            | 10                          | 1,400      | 0.01            |
| Mittal Tower Premises Co-op. Society Ltd.                | 50                          | 5          | 0.00            | 50                          | 5          | 0.00            |
| Narmada Clean Tech                                       | 10                          | 822,542    | 8.23            | 10                          | 822,542    | 8.23            |
| Woodlands Multispeciality Hospital Limited               | 10                          | 2,180      | 0.02            | 10                          | 2,180      | 0.02            |
| <b>Total Investments at Fair Value through OCI</b>       |                             |            | <b>15.10</b>    |                             |            | <b>14.01</b>    |
| <b>Investments at Fair Value through PL</b>              |                             |            |                 |                             |            |                 |
| <b>Preference Shares, Fully Paid (Quoted)</b>            |                             |            |                 |                             |            |                 |
| 16.06% Infrastructure Leasing & Financial Services Ltd.  | 7,500                       | 4,000      | 30.00           | 7,500                       | 4,000      | 58.00           |
| <b>Mutual Funds (Quoted)</b>                             |                             |            |                 |                             |            |                 |
| HDFC FMP 3360 Days-Sr.30-Regular-Growth                  | -                           | -          | -               | 10                          | 5,000,000  | 65.19           |
| <b>Alternative Investment Fund (Unquoted)</b>            |                             |            |                 |                             |            |                 |
| IIFL Real Estate Fund (Domestic) Sr.2                    | 7                           | 9,313,812  | 74.59           | 7                           | 9,313,812  | 78.38           |
| IIFL Real Estate Fund (Domestic) Sr.3                    | 9                           | 5,365,000  | 54.70           | 9                           | 5,365,000  | 55.43           |
| IIFL Income Opportunities Fund Series-Special Situations | -                           | -          | -               | 5                           | 4,776,976  | 34.59           |
| IIFL Seed Venture Fund                                   | 10                          | 2,279,590  | 44.96           | 10                          | 2,279,590  | 35.99           |
| ICICI Prudential Real Estate AIF-II                      | 100                         | 373,935    | 37.28           | 100                         | 373,935    | 41.73           |
| Chiratae Trust   | 100,000                     | 132        | 16.88           | 100,000                     | 75         | 6.63            |
| <b>Equity Fund (Unquoted)</b>                            |                             |            |                 |                             |            |                 |
| IIFL Assets Revival Fund 2                               | -                           | -          | -               | 10                          | 4,523,997  | 63.51           |
| <b>Total Investments at Fair Value through PL</b>        |                             |            | <b>258.41</b>   |                             |            | <b>439.45</b>   |
| <b>Total Non Current Investments (A)</b>                 |                             |            | <b>1,559.20</b> |                             |            | <b>1,453.85</b> |
| <b>(B) Current Investment</b>                            |                             |            |                 |                             |            |                 |
| <b>Investments at Fair Value through PL</b>              |                             |            |                 |                             |            |                 |
| <b>Alternative Investment Fund (Unquoted)</b>            |                             |            |                 |                             |            |                 |
| IIFL Income Opportunities Fund Series-Special Situations | 4                           | 4,776,976  | 21.05           | -                           | -          | -               |
| <b>Total Investments at Fair Value through PL</b>        |                             |            | <b>21.05</b>    |                             |            | <b>-</b>        |
| <b>Total Current Investments (B)</b>                     |                             |            | <b>21.05</b>    |                             |            | <b>-</b>        |

|  | Non-Current | Current |  | Non-Current | Current |
|--|-------------|---------|--|-------------|---------|
| Aggregate book value of quoted investments   | 36.74       | -       |  | 128.84      | -       |
| Aggregate market value of quoted investments | 36.74       | -       |  | 128.84      | -       |
| Aggregate value of unquoted investments      | 1,522.46    | 21.05   |  | 1,325.01    | -       |

## NOTES TO THE FINANCIAL STATEMENTS

### 7 : Loans

(Rs. In Million)

|                                     | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |              |
|-------------------------------------|-----------------------------|---------------|-----------------------------|--------------|
|                                     | Non-Current                 | Current       | Non-Current                 | Current      |
| (Unsecured considered good)         |                             |               |                             |              |
| Loans to Related parties            |                             |               |                             |              |
| Loan to Subsidiaries(Refer note 37) | 883.42                      | 182.60        | 802.10                      | 88.69        |
| Other Loans                         |                             |               |                             |              |
| Loan to Employees                   | 1.09                        | 2.53          | 0.95                        | 1.29         |
| <b>Total Loans</b>                  | <b>884.51</b>               | <b>185.13</b> | <b>803.05</b>               | <b>89.98</b> |

### 8 : Other Financial Assets

|   |              |              |              |               |
|---|--------------|--------------|--------------|---------------|
| (Unsecured considered good)                       |              |              |              |               |
| Security Deposits                                 | 16.90        | -            | 13.25        | 0.50          |
| Export Benefits and Claims Receivable             | -            | 27.58        | -            | 118.94        |
| Interest and Dividend Receivable                  | -            | 3.53         | -            | 10.08         |
| Interest and Fees receivable from Related Parties | -            | 38.06        | -            | 31.27         |
| <b>Total Other Financial Assets</b>               | <b>16.90</b> | <b>69.17</b> | <b>13.25</b> | <b>160.79</b> |

### 9 : Other Assets

|   |              |              |             |               |
|---|--------------|--------------|-------------|---------------|
| (a) Capital Advances                      | 22.96        | -            | 0.76        | -             |
| (b) Advances other than Capital Advances  |              |              |             |               |
| (i) Advances to Related Party             | -            | 7.12         | -           | 5.06          |
| (ii) Other Advances                       | 3.90         | 9.54         | 2.53        | 6.11          |
| (iii) Balance with Government Authorities | -            | 67.94        | -           | 108.34        |
| <b>Total Other Assets</b>                 | <b>26.86</b> | <b>84.60</b> | <b>3.29</b> | <b>119.51</b> |

### 10 : Inventories

|   |  |               |  |               |
|---|--|---------------|--|---------------|
| (At lower of cost and net realisable value) |  |               |  |               |
| Raw Materials                               |  | 129.12        |  | 188.83        |
| Raw Materials in Transit                    |  | -             |  | 80.45         |
| Work-in-Progress                            |  | 9.42          |  | 12.03         |
| Finished Goods                              |  | 57.17         |  | 79.96         |
| Finished Goods in Transit                   |  | 8.53          |  | -             |
| Stores & Spare Parts                        |  | 75.41         |  | 57.84         |
| <b>Total Inventories</b>                    |  | <b>279.65</b> |  | <b>419.11</b> |

### 11 : Trade Receivables

|   |  |               |  |               |
|---|--|---------------|--|---------------|
| Secured, considered good                  |  | 2.37          |  | -             |
| Unsecured, considered good                |  | 619.38        |  | 529.31        |
| with Significant Increase in Credit risk  |  | 4.21          |  | 0.74          |
| Less : Allowance for bad & doubtful debts |  | 2.35          |  | 0.74          |
| <b>Total Trade Receivables</b>            |  | <b>623.61</b> |  | <b>529.31</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 12A : Cash and Cash Equivalent

(Rs. In Million)

|                                       | 31 <sup>st</sup> March 2019 |              | 31 <sup>st</sup> March 2018 |              |
|---------------------------------------|-----------------------------|--------------|-----------------------------|--------------|
|                                       | Non-Current                 | Current      | Non-Current                 | Current      |
| Balances with Banks                   |                             | 3.33         |                             | 4.26         |
| Remittance in Transit                 |                             | 44.39        |                             | 16.69        |
| Cash on hand                          |                             | 0.31         |                             | 0.37         |
| <b>Total Cash and Cash equivalent</b> |                             | <b>48.03</b> |                             | <b>21.32</b> |

### 12B : Other Bank Balances

|   |  |               |  |               |
|---|--|---------------|--|---------------|
| Earmarked balances with Banks (Unpaid Dividend Account) |  | 5.86          |  | 5.65          |
| Bank Deposits (held as security)                        |  | 236.45        |  | 346.88        |
| <b>Total Other Bank Balances</b>                        |  | <b>242.31</b> |  | <b>352.53</b> |

### 13 : Current Tax Assets

|  |  |               |  |               |
|--|--|---------------|--|---------------|
| Income Tax Payments (net of provision) |  | 193.93        |  | 195.11        |
| <b>Total Current Tax Assets</b>        |  | <b>193.93</b> |  | <b>195.11</b> |

### 14 : Equity Share Capital

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|--|-----------------------------|---------------|-----------------------------|---------------|
|  | No. of Shares               | Amount        | No. of Shares               | Amount        |
| <b>(a) Authorised Share Capital</b>          |                             |               |                             |               |
| Equity Shares of Rs. 5 each                  | 100,000,000                 | 500.00        | 100,000,000                 | 500.00        |
| <b>(b) Issued, Subscribed and Fully Paid</b> |                             |               |                             |               |
| Equity Shares of Rs. 5 each                  | 43,693,333                  | 218.47        | 43,693,333                  | 218.47        |
| Add: Forfeited Shares (Amount paid up)       |                             | 0.02          |                             | 0.02          |
| <b>Total</b>                                 |                             | <b>218.49</b> |                             | <b>218.49</b> |

#### (c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

#### (d) Shares held by holding company

(Rs. In Million)

|                 | 31 <sup>st</sup> March 2019 |        | 31 <sup>st</sup> March 2018 |        |
|-----------------|-----------------------------|--------|-----------------------------|--------|
|                 | No. of Shares               | Amount | No. of Shares               | Amount |
| Vardhan Limited | 26,190,872                  | 130.95 | 26,190,872                  | 130.95 |

## NOTES TO THE FINANCIAL STATEMENTS

### (e) Details of shareholders holding more than 5% shares in the company

(Rs. In Million)

| Name of the Shareholder          | 31 <sup>st</sup> March 2019 |           | 31 <sup>st</sup> March 2018 |           |
|----------------------------------|-----------------------------|-----------|-----------------------------|-----------|
|                                  | No. of Shares               | % holding | No. of Shares               | % holding |
| Vardhan Limited                  | 26,190,872                  | 59.94     | 26,190,872                  | 59.94     |
| R V Investment & Dealers Limited | 3,210,120                   | 7.35      | 3,210,120                   | 7.35      |

### (f) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company has not issued any shares for consideration other than cash nor issued any bonus shares nor have brought back any shares during the period of five years preceding the current year.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.

## 15 : Other Equity

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |                 | 31 <sup>st</sup> March 2018 |                 |
|--|-----------------------------|-----------------|-----------------------------|-----------------|
| <b>Capital Reserve</b>                                   |                             |                 |                             |                 |
| As per last Balance Sheet                                |                             | 34.17           |                             | 34.17           |
| <b>Capital Redemption Reserve</b>                        |                             |                 |                             |                 |
| As per last Balance Sheet                                |                             | 72.69           |                             | 72.69           |
| <b>Securities Premium</b>                                |                             |                 |                             |                 |
| As per last Balance Sheet                                |                             | 161.50          |                             | 161.50          |
| <b>Retained Earnings</b>                                 |                             |                 |                             |                 |
| As per last Balance Sheet                                | 5,604.73                    |                 | 5,628.47                    |                 |
| Add : Profit for the Year                                | 76.50                       |                 | 56.00                       |                 |
| Add : Actuarial gain/(loss) on Defined Benefit Plan(Net) | (1.73)                      |                 | (0.86)                      |                 |
| Less : Dividend  | (65.54)                     |                 | (65.54)                     |                 |
| Less : Dividend Distribution Tax                         | (13.47)                     | 5,600.49        | (13.34)                     | 5,604.73        |
| <b>Other Comprehensive Income (OCI)</b>                  |                             |                 |                             |                 |
| As per last Balance Sheet                                | 5.34                        |                 | 28.32                       |                 |
| Add : Movement in OCI (Net) during the year              | 0.96                        | 6.30            | (22.98)                     | 5.34            |
| <b>Total Other Equity</b>                                |                             | <b>5,875.15</b> |                             | <b>5,878.43</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 16 : Borrowings

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|--|-----------------------------|---------------|-----------------------------|---------------|
|  | Non-Current                 | Current       | Non-Current                 | Current       |
| <b>Secured</b>   |                             |               |                             |               |
| <b>Term Loan</b>   |                             |               |                             |               |
| From Bank/Financial Institution <sup>1</sup>                       | 485.78                      | 128.67        | 196.88                      | 131.31        |
| <b>Loans Repayable on Demand</b>                                   |                             |               |                             |               |
| From Banks <sup>2</sup>  | -                           | 524.76        | -                           | 449.38        |
| <b>Buyer's Credit</b>  |                             |               |                             |               |
| From Banks <sup>2</sup>  | -                           | 75.81         | -                           | 234.10        |
|  | <b>485.78</b>               | <b>729.24</b> | <b>196.88</b>               | <b>814.79</b> |
| Less :   |                             |               |                             |               |
| Amount Disclosed under Other Financial Liabilities (Refer Note 17) |                             | 128.67        |                             | 131.31        |
| <b>Total Borrowings</b>  | <b>485.78</b>               | <b>600.57</b> | <b>196.88</b>               | <b>683.48</b> |

<sup>1</sup> Term Loan of Rs. 192.99 million (previous year Rs. 328.19 million) Secured by Fixed Deposits and Rs. 421.46 million (Previous year Rs. Nil) secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupet & Vizag Division, both present and future.

<sup>2</sup> Secured by hypothecation of Current Assets of the Company.

### 17 : Other Financial Liabilities

|   | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|---|-----------------------------|---------------|-----------------------------|---------------|
|   | Non-Current                 | Current       | Non-Current                 | Current       |
| Current Maturities of Long Term Debts (Refer Note 16) | -                           | 128.67        | -                           | 131.31        |
| Interest Accrued                                      | -                           | 3.98          | -                           | 2.79          |
| Security Deposits                                     | -                           | 7.98          | -                           | 5.94          |
| Liabilities for Capital Goods                         | -                           | 49.31         | -                           | 14.22         |
| Unpaid Dividend <sup>1</sup>                          | -                           | 5.86          | -                           | 5.65          |
| Employee related Liabilities                          | -                           | 18.12         | -                           | 15.96         |
| Other Liabilities                                     | 3.46                        | 22.54         | 10.04                       | 23.14         |
| <b>Total Other Financial Liabilities</b>              | <b>3.46</b>                 | <b>236.46</b> | <b>10.04</b>                | <b>199.01</b> |

<sup>1</sup> These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.07 million (previous year Rs. 0.67 million) which is held in abeyance due to legal case pending.

### 18 : Provisions

|                                 | 31 <sup>st</sup> March 2019 |              | 31 <sup>st</sup> March 2018 |              |
|---------------------------------|-----------------------------|--------------|-----------------------------|--------------|
|                                 | Non-Current                 | Current      | Non-Current                 | Current      |
| Provision for Employee Benefits | 69.65                       | 30.31        | 63.98                       | 28.07        |
| <b>Total Provisions</b>         | <b>69.65</b>                | <b>30.31</b> | <b>63.98</b>                | <b>28.07</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 19 : Income Tax

#### A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

(Rs. In Million)

|  | 1 <sup>st</sup> April 2018 | Profit & Loss Net | OCI (Net)     | 31 <sup>st</sup> March 2019 |
|--|----------------------------|-------------------|---------------|-----------------------------|
| <b>Deferred Tax Liability</b>                |                            |                   |               |                             |
| Timing Difference on PPE & Intangible Assets | 708.32                     | 2.38              | -             | 710.70                      |
| Fair Value of Investments                    | 7.86                       | (2.54)            | 0.13          | 5.45                        |
| <b>Deferred Tax Assets</b>                   |                            |                   |               |                             |
| MAT Credit Entitlement                       | 154.65                     | 18.27             | (0.57)        | 172.35                      |
| Unabsorbed Business Losses/Depreciation      | 18.52                      | (18.52)           | -             | -                           |
| Expenses relating to Retirement Benefits     | 32.17                      | 1.83              | 0.93          | 34.93                       |
| MTM Adjustment on Forward Contracts          | 5.59                       | (2.15)            | -             | 3.44                        |
| Others                                       | 0.25                       | 0.57              | -             | 0.82                        |
| <b>Net Deferred Tax Liabilities</b>          | <b>505.00</b>              | <b>(0.16)</b>     | <b>(0.23)</b> | <b>504.61</b>               |

|  | 1 <sup>st</sup> April 2017 | Profit & Loss Net | OCI (Net)     | 31 <sup>st</sup> March 2018 |
|--|----------------------------|-------------------|---------------|-----------------------------|
| <b>Deferred Tax Liability</b>                |                            |                   |               |                             |
| Timing Difference on PPE & Intangible Assets | 662.11                     | 46.21             | -             | 708.32                      |
| Fair Value of Investments                    | 9.20                       | 1.86              | (3.20)        | 7.86                        |
| Others                                       | 0.48                       | (0.48)            | -             | -                           |
| <b>Deferred Tax Assets</b>                   |                            |                   |               |                             |
| MAT Credit Entitlement                       | 133.75                     | 21.17             | (0.27)        | 154.65                      |
| Unabsorbed Business Losses/Depreciation      | 3.16                       | 15.36             | -             | 18.52                       |
| Expenses relating to Retirement Benefits     | 28.99                      | 2.72              | 0.46          | 32.17                       |
| MTM Adjustment on Forward Contracts          | 2.74                       | 2.85              | -             | 5.59                        |
| Others                                       | -                          | 0.25              | -             | 0.25                        |
| <b>Net Deferred Tax Liabilities</b>          | <b>503.15</b>              | <b>5.24</b>       | <b>(3.39)</b> | <b>505.00</b>               |

#### B: Reconciliation of tax expense on the accounting profit for the year:

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>Profit before income tax</b>   | <b>106.54</b>               | <b>82.41</b>                |
| At India's statutory Income tax rate of 33.384% (Previous year 34.608%) | 35.57                       | 28.52                       |
| Tax effect on non-deductible expenses                                   | 0.74                        | 0.13                        |
| Effect of income exempt from tax  | (0.03)                      | (12.04)                     |
| Others  | (6.24)                      | 9.80                        |
| <b>Tax expenses reported in the statement of profit and loss</b>        | <b>30.04</b>                | <b>26.41</b>                |

## NOTES TO THE FINANCIAL STATEMENTS

### 20 : Trade Payable

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Trade Payable</b>   |                             |                             |
| Total outstanding dues of Micro and Small Enterprises  | 26.08                       | -                           |
| Total outstanding dues of creditors other than Micro and Small Enterprises   | 411.88                      | 473.09                      |
| <b>Total Trade Payables</b>  | <b>437.96</b>               | <b>473.09</b>               |
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.  |                             |                             |
| i. Principal   | 26.08                       | -                           |
| ii. Interest   | -                           | -                           |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                           | -                           |
| The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006   | -                           | -                           |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | -                           | -                           |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | -                           | -                           |

### 21 : Other Current Liabilities

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Statutory Liabilities                  | 19.22                       | 5.73                        |
| Customers' Credit Balances             | 9.71                        | 2.26                        |
| <b>Total Other Current Liabilities</b> | <b>28.93</b>                | <b>7.99</b>                 |

### 22 : Revenue from Operations

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| (a) Sale of Products                                 |                             |                             |
| Manufactured products                                |                             |                             |
| Alco Chemicals                                       | 4,294.01                    | 3,365.39                    |
| Solar Power  | 31.83                       | 35.68                       |
|  | <b>4,325.84</b>             | <b>3,401.07</b>             |
| Trade products                                       |                             |                             |
| Methanol   | 95.59                       | 13.46                       |
| <b>Total Sale</b>                                    | <b>4,421.43</b>             | <b>3,414.53</b>             |
| (b) Other Operating Revenues                         |                             |                             |
| Miscellaneous Sales                                  | 38.65                       | 32.74                       |
| Renewal Energy Certificate benefits                  | 11.74                       | 9.57                        |
| Export benefits                                      | 3.21                        | 11.30                       |
| <b>Total Other Operating Revenues</b>                | <b>53.60</b>                | <b>53.61</b>                |
| <b>Total Revenue from Operations (Refer note 35)</b> | <b>4,475.03</b>             | <b>3,468.14</b>             |



## NOTES TO THE FINANCIAL STATEMENTS

### 23 : Other Income

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Interest Income  |                             |                             |
| On Investments   | 14.38                       | 22.31                       |
| From Others  | 27.86                       | 35.09                       |
| From Related Parties   | 42.69                       | 33.87                       |
| Dividend Income  | 0.08                        | 4.92                        |
| Gain on Sale of Investments classified as FVTPL (Net)              | 1.16                        | 10.83                       |
| Gain on sale of Debt Securities classified as FVTOCI               | -                           | 2.64                        |
| Gain on reclassification of FVTOCI Debt Securities                 | -                           | 29.25                       |
| Fair value gain on Financial Instruments classified as FVTPL (Net) | 4.33                        | 14.83                       |
| Profit on Fixed Assets sold/discards (Net)                         | 2.98                        | 2.78                        |
| Fair value gain on Foreign Exchange Forward Contracts (Net)        | 6.17                        | -                           |
| Foreign Exchange Rate Fluctuation (Net)                            | 12.92                       | 47.65                       |
| Guarantee fee from Related Parties                                 | 16.65                       | 16.72                       |
| Other Non Operating Income   | 3.96                        | 12.19                       |
| <b>Total Other Income</b>  | <b>133.18</b>               | <b>233.08</b>               |

### 24 : Employee Benefits Expense

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Salaries, Wages, Bonus & Gratuity etc.<br>(including payments to Contractors) | 225.24                      | 203.95                      |
| Contribution to Provident Fund  | 10.85                       | 10.19                       |
| Staff Welfare Expenses  | 14.15                       | 16.49                       |
| <b>Total Employee Benefits Expense</b>  | <b>250.24</b>               | <b>230.63</b>               |

### 25 : Finance Costs

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Interest expense  | 48.96                       | 42.66                       |
| Exchange difference regarded as an adjustment to Borrowing Cost | 13.49                       | 26.14                       |
| Bank/Finance charges  | 1.73                        | 1.78                        |
| <b>Total Finance Cost</b>                                       | <b>64.18</b>                | <b>70.58</b>                |

## NOTES TO THE FINANCIAL STATEMENTS

### 26 : Other Expenses

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Consumption of Stores & Spare parts etc.                   | 92.08                       | 67.10                       |
| Other Manufacturing Expenses                               | 17.68                       | 15.97                       |
| Power & Fuel   | 277.44                      | 257.57                      |
| Repairs to -   |                             |                             |
| Plant & Machinery  | 41.79                       | 37.48                       |
| Buildings  | 1.81                        | 1.81                        |
| Others   | 5.97                        | 5.99                        |
| Water Charges & Cess                                       | 22.74                       | 20.64                       |
| Rates & Taxes  | 7.52                        | 6.03                        |
| Rent   | 8.57                        | 8.09                        |
| Insurance  | 6.94                        | 6.46                        |
| Legal and Professional Charges                             | 24.34                       | 31.35                       |
| Miscellaneous Expenses                                     | 51.31                       | 47.95                       |
| CSR Expenditure (Refer Note No. 31)                        | 1.90                        | 1.80                        |
| Commission & Brokerage to Others                           | 33.98                       | 9.81                        |
| Freight, Handling & Other Charges                          | 48.11                       | 41.12                       |
| Directors' Fees  | 1.54                        | 1.64                        |
| Travelling Expenses  | 12.55                       | 12.20                       |
| Directors' Remuneration                                    | 30.29                       | 25.64                       |
| Provision for bad & doubtful Debts & Advances (net)        | 1.61                        | 0.74                        |
| Unrealized Debts and Claims written off                    | 0.62                        | 0.41                        |
| Payment to Auditors  | 2.07                        | 2.42                        |
| Fair Value Loss on Foreign Exchange Forward Contracts(net) | -                           | 1.24                        |
| <b>Total Other Expenses</b>                                | <b>690.86</b>               | <b>603.46</b>               |

#### Additional Information regarding Payment to Auditors

|   |             |             |
|---|-------------|-------------|
| (a) Statutory Auditors                    |             |             |
| Audit Fees                                | 0.80        | 0.80        |
| For Certificates & Others                 | 1.09        | 1.32        |
| For Travelling and out of pocket expenses | 0.02        | 0.14        |
| (b) Cost Auditors                         |             |             |
| Audit Fees                                | 0.15        | 0.15        |
| For Travelling and out of pocket expenses | 0.01        | 0.01        |
| <b>Total payment to Auditors</b>          | <b>2.07</b> | <b>2.42</b> |

### 27 : Exceptional Item

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Substantial decline in the fair value of investment in Preference Shares of Infrastructure Leasing and Financial Services Limited | 28.00                       | -                           |

## NOTES TO THE FINANCIAL STATEMENTS

### 28 : Other Comprehensive Income (OCI)

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>A. Items that will not be reclassified to Profit or Loss</b>                     |                             |                             |
| 1. Actuarial Gain/(Loss) on Defined Benefit Plan                                    | (2.66)                      | (1.32)                      |
| Current Tax   | 0.57                        | 0.27                        |
| MAT Credit Entitlement  | (0.57)                      | (0.27)                      |
| Deferred Tax  | 0.93                        | 0.46                        |
| 2. Net Gain/(Loss) on Equity instruments designated as FVTOCI                       | 1.09                        | 0.79                        |
| Deferred Tax  | (0.13)                      | 0.09                        |
| <b>Net OCI not to be reclassified to Profit or Loss</b>                             | <b>(0.77)</b>               | <b>0.02</b>                 |
| <b>B. Items that will be reclassified to Profit or Loss</b>                         |                             |                             |
| 1. Net Gain/(Loss) on Debt Securities classified as FVTOCI                          | -                           | 2.28                        |
| Deferred Tax  | -                           | (0.26)                      |
| 2. (Gain)/Loss transferred to Profit or Loss on reclassification of Debt Securities | -                           | (29.25)                     |
| Deferred Tax  | -                           | 3.37                        |
| <b>Net OCI to be reclassified to Profit or Loss</b>                                 | <b>-</b>                    | <b>(23.86)</b>              |
| <b>Other Comprehensive Income for the year, net of tax</b>                          | <b>(0.77)</b>               | <b>(23.84)</b>              |

### 29 : Earnings per Share (EPS)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Details for calculation of Basic and Diluted Earning per Share:</b> |                             |                             |
| Profit after Tax as per Statement of Profit and Loss                   | 76.50                       | 56.00                       |
| Weighted average number of Equity Share                                | 43,693,333                  | 43,693,333                  |
| Basic and Diluted Earning per Share (Rs.) (Face Value Rs. 5 each)      | 1.75                        | 1.28                        |

### 30 : Commitments and Contingencies

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| (i) Contingent Liabilities   |                             |                             |
| (a) Claims/Disputed Liabilities not acknowledged as Debt   |                             |                             |
| Excise Duty Demands (paid Rs. 9.32 million)  | 13.14                       | 13.13                       |
| Sales Tax Demands (paid Rs. 0.43 million)  | 0.43                        | 0.43                        |
| Income Tax Demands (paid Rs. 55.54 million)  | 55.54                       | 55.54                       |
| Other Claims being disputed by the Company (paid Rs. 1.50 million)   | 5.56                        | 5.56                        |
| (b) Outstanding Bank Guarantees  | 39.79                       | 27.34                       |
| (c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basicwages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account. |                             |                             |

## NOTES TO THE FINANCIAL STATEMENTS

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| (ii) Commitments   |                             |                             |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 94.82                       | 1.59                        |
| Advance paid   | 22.96                       | 0.76                        |
| (b) Uncalled Liability on Investments  | 9.80                        | 15.50                       |

### 31 : Amount spent on CSR Activities:

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Gross amount required to be spent by the Company during the year | 1.84                        | 1.80                        |
| Amount spent during the year on:                                 |                             |                             |
| Promotion of Education   | 1.80                        | 1.63                        |
| Empowering women through employment enhancing skills             | -                           | 0.07                        |
| Preventive health care   | -                           | 0.10                        |
| Water conservation   | 0.10                        | -                           |
|  | <b>1.90</b>                 | <b>1.80</b>                 |

### 32 : Distribution Proposed:

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>Proposed dividends on Equity shares:</b>   |                             |                             |
| Final cash dividend for the year ended on 31 March 2019: INR 0.75 per share<br>(31 March 2018: INR 1.5 per share) | 32.77                       | 65.54                       |
| DDT on proposed dividend  | 6.74                        | 13.47                       |
|   | <b>39.51</b>                | <b>79.01</b>                |

### 33 : Details of pre-operative expenses transferred to Capital Work in progress:

|                               | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-------------------------------|-----------------------------|-----------------------------|
| Employees Benefits Expense    | 2.77                        | -                           |
| Other Expenses                | 8.13                        | 1.14                        |
| Finance Cost                  | 9.23                        | 1.86                        |
| Depreciation and Amortisation | 4.39                        | -                           |
|                               | <b>24.52</b>                | <b>3.00</b>                 |

## NOTES TO THE FINANCIAL STATEMENTS

### 34 : Segment Information

The Company is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power

#### (A) Primary Segment information (by Business segment)

(Rs. In Million)

| Business Segment  | Year ended 31 <sup>st</sup> March 2019 |             |                 | Year ended 31 <sup>st</sup> March 2018 |             |                 |
|---|--|-------------|-----------------|--|-------------|-----------------|
|   | Alco Chemicals                         | Solar Power | Total           | Alco Chemicals                         | Solar Power | Total           |
| <b>Segment Revenue</b>  |  |             |                 |  |             |                 |
| Revenue from Operations (Refer note 34)                       | 4,431.46                               | 43.57       | 4,475.03        | 3,422.90                               | 45.24       | 3,468.14        |
| <b>Segment Result</b>   | 202.45                                 | (8.82)      | 193.63          | 65.25                                  | (4.43)      | 60.82           |
| Less: (i) Finance Costs                                       |  |             | 64.18           |  |             | 70.58           |
| (ii) Exceptional Item   |  |             | 28.00           |  |             | -               |
| (iii) Un-allocable expenditure net off<br>Un-allocable income |  |             | (5.09)          |  |             | (92.17)         |
| <b>Profit before Tax</b>                                      |  |             | <b>106.54</b>   |  |             | <b>82.41</b>    |
| Tax Expense   |  |             | 30.04           |  |             | 26.41           |
| <b>Net Profit:</b>  |  |             | <b>76.50</b>    |  |             | <b>56.00</b>    |
| Segment Assets  | 4,824.23                               | 233.67      | 5,057.90        | 4,749.61                               | 346.94      | 5,096.55        |
| Un-allocable Corporate Assets                                 |  |             | 3,433.47        |  |             | 3,167.91        |
| <b>Total Assets:</b>  |  |             | <b>8,491.37</b> |  |             | <b>8,264.46</b> |
| Segment Liabilities   | 586.76                                 | 12.62       | 599.38          | 567.48                                 | 8.94        | 576.42          |
| Un-allocable Corporate Liabilities                            |  |             | 1,798.35        |  |             | 1,591.12        |
| <b>Total Liabilities:</b>                                     |  |             | <b>2,397.73</b> |  |             | <b>2,167.54</b> |
| <b>Other Disclosures</b>                                      |  |             |                 |  |             |                 |
| Capital Expenditure   | 322.64                                 | 0.58        | 323.22          | 429.06                                 | -           | 429.06          |
| Un-allocable Capital Expenditure                              |  |             | 46.51           |  |             | 4.53            |
| <b>Total Capital Expenditure:</b>                             |  |             | <b>369.73</b>   |  |             | <b>433.59</b>   |
| Depreciation & Amortization                                   | 156.63                                 | 34.12       | 190.75          | 168.79                                 | 34.08       | 202.87          |
| Un-allocable Depreciation                                     |  |             | 9.79            |  |             | 9.01            |
| <b>Total Depreciation &amp; Amortization:</b>                 |  |             | <b>200.54</b>   |  |             | <b>211.88</b>   |

#### (B) Secondary Segment information

Not applicable, as all the plants of the Company are located in India and Exports does not constitute 10% or more of total Segment Revenue.

#### (C) Other Disclosures

##### Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

##### Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

##### Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine and Resin etc. and Solar Power business includes Power generation.

**35 :** Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 115 on Revenue from contracts with customer and Schedule III of the Companies Act, 2013, unlike Excise duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures of Revenue from Operation and Segment Revenue of Alco Chemicals for the Year ended 31st March, 2019 are not comparable with the previous year.

## NOTES TO THE FINANCIAL STATEMENTS

### 36 : Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

#### A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans .

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
|   | Gratuity                    | Gratuity                    |
| <b>1. Change in the Present Value of Obligation</b>                 |                             |                             |
| - Present Value of Obligation as at the beginning                   | 74.83                       | 67.74                       |
| - Current Service Cost  | 4.55                        | 4.17                        |
| - Interest Expense or Cost  | 5.68                        | 5.01                        |
| - Actuarial (gains) / losses arising from:                          |                             |                             |
| change in financial assumptions                                     | (0.44)                      | (0.84)                      |
| experience variance   | 3.10                        | 2.16                        |
| - Benefits paid   | (5.92)                      | (3.41)                      |
| - Present Value of Obligation as at the end                         | 81.80                       | 74.83                       |
| <b>2. Expenses recognised in the Statement of Profit &amp; Loss</b> |                             |                             |
| - Current Service Cost  | 4.55                        | 4.17                        |
| - Interest Expense or Cost  | 5.68                        | 5.01                        |
| <b>Total</b>  | <b>10.23</b>                | <b>9.18</b>                 |
| <b>3. Other Comprehensive Income</b>                                |                             |                             |
| - Actuarial (gains) / losses arising from:                          |                             |                             |
| change in financial assumptions                                     | (0.44)                      | (0.84)                      |
| experience variance   | 3.10                        | 2.16                        |
| <b>Total</b>  | <b>2.66</b>                 | <b>1.32</b>                 |
| <b>4. Actuarial Assumptions</b>                                     |                             |                             |
| <b>(a) Financial Assumptions</b>                                    |                             |                             |
| Discount rate (per annum)   | 7.70%                       | 7.60%                       |
| Salary growth rate (per annum)                                      | 7.00%                       | 7.00%                       |
| <b>(b) Demographic Assumptions</b>                                  |                             |                             |
| Mortality rate (% of IALM 06-08)                                    | 100%                        | 100%                        |
| Attrition/Withdrawal rates, based on age: (per annum)               |                             |                             |
| up to 44 years  | 2.00%                       | 2.00%                       |
| above 44 years  | 1.00%                       | 1.00%                       |

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. In Million)

| Particulars                       | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-----------------------------------|-----------------------------|-----------------------------|
| Discount rate increase by 1%      | (77.74)                     | (70.99)                     |
| Discount rate decrease by 1%      | 86.36                       | 79.15                       |
| Salary Growth rate increase by 1% | 86.35                       | 79.13                       |
| Salary Growth rate decrease by 1% | (77.68)                     | (70.94)                     |

### 6. Maturity Profile of Defined Benefit Obligation

|  |         |
|--|---------|
| Weighted average duration (based on discounted cash flow)              | 5 Years |
| <b>Expected cash flow over the next (valued on undiscounted basis)</b> |         |
| 1 Year   | 12.15   |
| 2 to 5 year  | 49.79   |
| 6 to 10 year   | 25.01   |
| More than 10 year  | 52.18   |

### 7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

#### B. Defined Contribution Plan

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trust or by the Central Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 10.19 million (previous year Rs. 8.98 million).

## NOTES TO THE FINANCIAL STATEMENTS

### 37 : Details of Loans given, Guarantees given and Security provided under Section 186 (4) of the Companies Act, 2013.

(Rs. In Million)

| Name of the Company                      | Relation   | Nature  | Purpose   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|------------|---|---|-----------------------------|-----------------------------|
| APAG Holding AG                          | Subsidiary | Loans (Interest Bearing)                        | Capital Expenditure, Working Capital and acquisition                        | 404.05                      | 479.71                      |
| Kanoria Africa Textiles Plc              | Subsidiary | Loans (Interest Bearing)                        | Capital Expenditure and Working Capital                                     | 661.97                      | 411.08                      |
| Kanoria Africa Textiles Plc              | Subsidiary | Pledge of shares of Kanoria Africa Textiles Plc | Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India   | 990.35                      | 705.05                      |
| APAG Elektronik s.r.o <sup>1</sup>       | Subsidiary | Corporate Guarantee                             | Borrowing by APAG Elektronik s.r.o from Ceskoslovenska obchodni banka, a.s. | 310.81                      | 322.49                      |
| Kanoria Africa Textiles Plc <sup>2</sup> | Subsidiary | Corporate Guarantee                             | Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India   | 1,521.77                    | 1,430.97                    |

<sup>1</sup> Loan Outstanding 138.06 million (Previous year Rs. 176.95 million)<sup>2</sup> Loan Outstanding 1,270.96 million (Previous year 1,365.86 million)

### 38 : Category-wise classification of Financial Instruments

(Rs. In Million)

|  | Refer Note | Non-Current                 |                             | Current                     |                             |
|--|------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |            | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
| <b>Financial Assets</b>  |            |                             |                             |                             |                             |
| <b>Measured at cost</b>  |            |                             |                             |                             |                             |
| Investments  | 6A         | 1,285.69                    | 1,000.39                    | -                           | -                           |
| <b>Measured at amortised cost</b>                                |            |                             |                             |                             |                             |
| Trade Receivables  | 11         | -                           | -                           | 623.61                      | 529.31                      |
| Cash and cash equivalents  | 12A        | -                           | -                           | 48.03                       | 21.32                       |
| Other Bank balances  | 12B        | -                           | -                           | 242.31                      | 352.53                      |
| Loans  | 7          | 884.51                      | 803.05                      | 185.13                      | 89.98                       |
| Other Financial Assets   | 8          | 16.90                       | 13.25                       | 69.17                       | 160.79                      |
| <b>Measured at fair value through profit or loss</b>             |            |                             |                             |                             |                             |
| Investments  | 6A & B     | 258.41                      | 439.45                      | 21.05                       | -                           |
| <b>Measured at fair value through other comprehensive income</b> |            |                             |                             |                             |                             |
| Investments  | 6A         | 15.10                       | 14.01                       | -                           | -                           |
| <b>Total Financial Assets</b>                                    |            | <b>2,460.61</b>             | <b>2,270.15</b>             | <b>1,189.30</b>             | <b>1,153.93</b>             |
| <b>Financial Liabilities</b>                                     |            |                             |                             |                             |                             |
| <b>Measured at amortised cost</b>                                |            |                             |                             |                             |                             |
| Borrowings   | 16         | 485.78                      | 196.88                      | 729.24                      | 814.79                      |
| Trade Payables   | 20         | -                           | -                           | 437.97                      | 473.09                      |
| Other Financial Liabilities                                      | 17         | -                           | -                           | 101.32                      | 61.66                       |
| <b>Measured at fair value through profit or loss</b>             |            |                             |                             |                             |                             |
| Other Financial Liabilities                                      | 17         | 3.46                        | 10.04                       | 6.46                        | 6.04                        |
| <b>Total Financial Liabilities</b>                               |            | <b>489.24</b>               | <b>206.92</b>               | <b>1,274.99</b>             | <b>1,355.58</b>             |



## NOTES TO THE FINANCIAL STATEMENTS

### 39 : Fair Value Measurements of Financial Instruments

| Financial assets/financial liabilities  | Fair value hierarchy as at 31 <sup>st</sup> March 2019 |   |   |
|---|--|---|---|
|   | Quoted prices in active markets (Level 1)              | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial assets measured at fair value through profit or loss</b>             |  |   |   |
| Quoted Preference shares  | 30.00  | -                                       | -   |
| Quoted Mutual funds   | -  | -                                       | -   |
| Unquoted Alternate Investment funds   | -  | 249.46                                  | -   |
| Unquoted Equity funds   | -  | -                                       | -   |
| <b>Financial assets measured at fair value through other comprehensive income</b> |  |   |   |
| Quoted Equity Shares  | 6.74   | -                                       | -   |
| Unquoted Equity Shares  | -  | -                                       | 8.36                                      |
| <b>Financial liabilities measured at fair value through profit or loss</b>        |  |   |   |
| Forward Exchange contract (Net)   | 9.92   | -                                       | -   |

| Financial assets/financial liabilities  | Fair value hierarchy as at 31 <sup>st</sup> March 2018 |   |   |
|---|--|---|---|
|   | Quoted prices in active markets (Level 1)              | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial assets measured at fair value through profit or loss</b>             |  |   |   |
| Quoted Preference shares  | 58.00  | -                                       | -   |
| Quoted Mutual funds   | 65.19  | -                                       | -   |
| Unquoted Alternate Investment funds   | -  | 252.75                                  | -   |
| Unquoted Equity funds   | -  | 63.51                                   | -   |
| <b>Financial assets measured at fair value through other comprehensive income</b> |  |   |   |
| Quoted Equity Shares  | 5.65   | -                                       | -   |
| Unquoted Equity Shares  | -  | -                                       | 8.36                                      |
| <b>Financial liabilities measured at fair value through profit or loss</b>        |  |   |   |
| Forward Exchange contract (Net)   | 16.08  | -                                       | -   |

#### Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## NOTES TO THE FINANCIAL STATEMENTS

### 40 : Financial Risk Management - Objectives and Policies

The company's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets.

The Company is exposed to market risk and credit risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### (i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

#### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures. The Company enters into forward exchange contracts against its foreign currency exposure relating to underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to likely changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |         |      |         |         |        | 31 <sup>st</sup> March 2018 |         |      |         |         |        |
|--|-----------------------------|---------|------|---------|---------|--------|-----------------------------|---------|------|---------|---------|--------|
|  | USD                         | INR     | EURO | INR     | JPY     | INR    | USD                         | INR     | EURO | INR     | JPY     | INR    |
| Foreign Currency Receivable/ (Payable) (Net) | 7.04                        | 486.84  | 2.98 | 231.79  | (13.39) | (8.37) | 3.41                        | 222.12  | 2.55 | 205.69  | (12.00) | (7.38) |
| Depreciation in Indian Rupees                |                             | 5%      |      | 5%      |         | 5%     |                             | 5%      |      | 5%      |         | 5%     |
| Effect on Profit before Tax                  |                             | 24.34   |      | 11.59   |         | (0.42) |                             | 11.11   |      | 10.28   |         | (0.37) |
| Appreciation in Indian Rupees                |                             | 5%      |      | 5%      |         | 5%     |                             | 5%      |      | 5%      |         | 5%     |
| Effect on Profit before Tax                  |                             | (24.34) |      | (11.59) |         | 0.42   |                             | (11.11) |      | (10.28) |         | 0.37   |

Total hedged foreign currency payable (net)- USD 0.50 million equivalent to Rs. 34.58 million (Previous year USD 0.83 million equivalent to Rs. 54.20 million).

#### (b) Commodity price risks

The company is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures.

#### Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

(Rs. In Million)

|                             | 31 <sup>st</sup> March 2019 |        | 31 <sup>st</sup> March 2018 |       |
|-----------------------------|-----------------------------|--------|-----------------------------|-------|
|                             | +5%                         | -5%    | +5%                         | -5%   |
| Consumption of Methanol     | 2,368.57                    |        | 1,807.21                    |       |
| Price change                | +5%                         | -5%    | +5%                         | -5%   |
| Effect on Profit before Tax | (118.43)                    | 118.43 | (90.36)                     | 90.36 |

## NOTES TO THE FINANCIAL STATEMENTS

### (c) Equity price risks

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Company's management on a regular basis.

### Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares, quoted preference shares, quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

(Rs. In Million)

|                             | 31st March 2019 |         | 31 <sup>st</sup> March 2018 |         |
|-----------------------------|-----------------|---------|-----------------------------|---------|
| Investment                  | 294.55          |         | 388.27                      |         |
| Price change                | +5%             | -5%     | +5%                         | -5%     |
| Effect on Profit before Tax | 14.73           | (14.73) | 19.41                       | (19.41) |

### (ii) Credit risks

Credit risk is the risk that counterparty will 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).

### Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

### (iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

(Rs. In Million)

|   | Less than 1 year | 1 to 5 year | Over 5 Year | Total    | Carrying Value |
|---|------------------|-------------|-------------|----------|----------------|
| <b>As at 31st March, 2019</b>               |                  |             |             |          |                |
| Borrowings (refer note 16)                  | 729.24           | 256.25      | 231.41      | 1,216.90 | 1,215.02       |
| Trade payable (refer note 20)               | 437.96           | -           | -           | 437.96   | 437.96         |
| Other financial liabilities (refer note 17) | 107.78           | 3.46        | -           | 111.24   | 111.24         |
| <b>As at 31st March, 2018</b>               |                  |             |             |          |                |
| Borrowings (refer note 16)                  | 814.79           | 196.88      | -           | 1,011.67 | 1,011.67       |
| Trade payable (refer note 20)               | 473.09           | -           | -           | 473.09   | 473.09         |
| Other financial liabilities (refer note 17) | 67.70            | 10.04       | -           | 77.74    | 77.74          |

## 41 : Capital Management

The Company's objective when managing capital (defined as net debt and equity) are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company. The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

## NOTES TO THE FINANCIAL STATEMENTS

### 42 : Related Party Disclosures:

(i) List of related parties and relatives with whom transaction taken place:

| Name of the Related Parties                          | Relationship  |
|--|---|
| 1. Vardhan Limited                                   | Holding Company   |
| 2. Pipri Limited                                     | Subsidiary Companies                                      |
| 3. Kanoria Africa Textiles Plc, Ethiopia             |   |
| 4. APAG Holding AG, Switzerland                      |   |
| 5. APAG Elektronik AG, Switzerland                   |   |
| 6. APAG Elektronik s.r.o., Czech Republic            |   |
| 7. CoSyst Control Systems GmbH, Germany              |   |
| 8. APAG Elektronik LLC, USA                          |   |
| 9. APAG Elektronik Corp., Canada                     |   |
| 10. Mr. R. V. Kanoria - Chairman & Managing Director |   |
| 11. Mr. S. V. Kanoria - Whole Time Director          |   |
| 12. Mr. Amitav Kothari - Director                    |   |
| 13. Mr. H.K. Khaitan - Director                      |   |
| 14. Mr. Ravindra Nath - Director                     |   |
| 15. Mr. G. Parthasarathy - Director                  |   |
| 16. Mr. Sidharth K. Birla - Director                 |   |
| 17. Mr. A. Vellayan - Director                       |   |
| 18. Mrs. M. Kanoria - Director                       |   |
| 19. Mr. A. V. Kanoria                                | Relative of KMP   |
| 20. Mrs. V. Kanoria                                  | Enterprise over which KMP exercises significant influence |
| 21. KPL International Limited                        |   |
| 22. Kirtivardhan Finvest Services Limited            |   |
| 23. R V Investment & Dealers Limited                 | Post Employment Benefit Plan entity                       |
| 24. Kanoria Employees' Provident Fund Trust          |   |

## NOTES TO THE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

| Nature of Transaction                                 | 2018-19                             |                            |   |  | 2017-18                             |                            |   |  |
|---|-------------------------------------|----------------------------|---|--|-------------------------------------|----------------------------|---|--|
|   | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity |
| <b>Dividend Paid</b>                                  |                                     |                            |   |  |                                     |                            |   |  |
| Vardhan Limited                                       | 39.29                               | -                          | -   | -  | 39.29                               | -                          | -   | -  |
| R V Investment & Dealers Limited                      | -                                   | -                          | 4.82  | -  | -                                   | -                          | 4.82  | -  |
| Kirtivardhan Finvest Services Limited                 | -                                   | -                          | 1.73  | -  | -                                   | -                          | 1.73  | -  |
| Mr. R. V. Kanoria                                     | -                                   | 0.69                       | -   | -  | -                                   | 0.69                       | -   | -  |
| Mr. S. V. Kanoria                                     | -                                   | 0.83                       | -   | -  | -                                   | 0.83                       | -   | -  |
| Mr. A. Vellayan                                       | -                                   | 0.02                       | -   | -  | -                                   | 0.02                       | -   | -  |
| Mrs. M. Kanoria                                       | -                                   | 0.75                       | -   | -  | -                                   | 0.75                       | -   | -  |
| Mr. A. V. Kanoria                                     | -                                   | 0.65                       | -   | -  | -                                   | 0.65                       | -   | -  |
| <b>Directors' Fees</b>                                |                                     |                            |   |  |                                     |                            |   |  |
| Mr. Amitav Kothari                                    | -                                   | 0.29                       | -   | -  | -                                   | 0.29                       | -   | -  |
| Mr. H.K. Khaitan                                      | -                                   | 0.34                       | -   | -  | -                                   | 0.36                       | -   | -  |
| Mr. Ravinder Nath                                     | -                                   | 0.19                       | -   | -  | -                                   | 0.19                       | -   | -  |
| Mr. G. Parthasarathy                                  | -                                   | 0.24                       | -   | -  | -                                   | 0.26                       | -   | -  |
| Mr. S. L. Rao   | -                                   | -                          | -   | -  | -                                   | 0.18                       | -   | -  |
| Mr. Sidharth K Birla                                  | -                                   | 0.17                       | -   | -  | -                                   | -                          | -   | -  |
| Mr. A. Vellayan                                       | -                                   | 0.10                       | -   | -  | -                                   | 0.10                       | -   | -  |
| Mrs. M. Kanoria                                       | -                                   | 0.21                       | -   | -  | -                                   | 0.21                       | -   | -  |
| <b>Loans &amp; Advances Given *</b>                   |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC                           | 508.61                              | -                          | -   | -  | 135.15                              | -                          | -   | -  |
| APAG Holding AG                                       | 42.74                               | -                          | -   | -  | 67.68                               | -                          | -   | -  |
| <b>Loans Converted into Equity</b>                    |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC                           | (285.30)                            | -                          | -   | -  | -                                   | -                          | -   | -  |
| <b>Receipt towards Loans &amp; Advances Repayment</b> |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC                           | 5.06                                | -                          | -   | -  | 4.75                                | -                          | -   | -  |
| APAG Holding AG                                       | 104.81                              | -                          | -   | -  | 38.09                               | -                          | -   | -  |
| <b>Interest &amp; Fees for the year</b>               |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC                           | 42.25                               | -                          | -   | -  | 31.27                               | -                          | -   | -  |
| APAG Holding AG                                       | 15.14                               | -                          | -   | -  | 16.90                               | -                          | -   | -  |
| APAG Elektronik s.r.o.                                | 1.95                                | -                          | -   | -  | 2.41                                | -                          | -   | -  |
| <b>Interest &amp; Fees Received</b>                   |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC                           | 37.41                               | -                          | -   | -  | 22.04                               | -                          | -   | -  |
| APAG Holding AG                                       | 15.14                               | -                          | -   | -  | 31.53                               | -                          | -   | -  |
| APAG Elektronik s.r.o.                                | -                                   | -                          | -   | -  | 4.86                                | -                          | -   | -  |

## NOTES TO THE FINANCIAL STATEMENTS

| Nature of Transaction  | 2018-19                             |                            |   |  | 2017-18                             |                            |   |  |
|--|-------------------------------------|----------------------------|---|--|-------------------------------------|----------------------------|---|--|
|  | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity |
| <b>Remuneration</b>  |                                     |                            |   |  |                                     |                            |   |  |
| Mr. R. V. Kanoria  | -                                   | 20.85                      | -   | -  | -                                   | 18.08                      | -   | -  |
| Mr. S. V. Kanoria  | -                                   | 9.44                       | -   | -  | -                                   | 7.56                       | -   | -  |
| Mrs. V. Kanoria  | -                                   | 3.25                       | -   | -  | -                                   | 2.92                       | -   | -  |
| <b>Commission Paid</b>   |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 24.60   | -  | -                                   | -                          | 2.06  | -  |
| <b>Rent received</b>   |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 1.02  | -  | -                                   | -                          | 0.60  | -  |
| <b>Purchase of PPE</b>   |                                     |                            |   |  |                                     |                            |   |  |
| Kirtivardhan Finvest Services Limited  | -                                   | -                          | 43.21   | -  | -                                   | -                          | -   | -  |
| <b>Contribution during the year<br/>(includes Employees' share and contribution)</b> |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Employees' Provident Fund Trust  | -                                   | -                          | -   | 7.19   | -                                   | -                          | -   | 6.59   |
| <b>Balances as at 31<sup>st</sup> March</b>  |                                     |                            |   |  |                                     |                            |   |  |
| <b>Investments</b>   |                                     |                            |   |  |                                     |                            |   |  |
| Pipri Limited  | 48.01                               | -                          | -   | -  | 48.01                               | -                          | -   | -  |
| Kanoria Africa Textiles PLC  | 814.54                              | -                          | -   | -  | 529.24                              | -                          | -   | -  |
| APAG Holding AG  | 423.14                              | -                          | -   | -  | 423.14                              | -                          | -   | -  |
| <b>Loans &amp; Advances</b>  |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC  | 669.09                              | -                          | -   | -  | 416.14                              | -                          | -   | -  |
| APAG Holding AG  | 404.05                              | -                          | -   | -  | 479.70                              | -                          | -   | -  |
| <b>Interest and fees Receivable</b>  |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Africa Textiles PLC  | 36.11                               | -                          | -   | -  | 31.27                               | -                          | -   | -  |
| APAG Elektronik s.r.o.   | 1.95                                | -                          | -   | -  | -                                   | -                          | -   | -  |
| <b>Remuneration</b>  |                                     |                            |   |  |                                     |                            |   |  |
| Mrs. V. Kanoria  | -                                   | 0.32                       | -   | -  | -                                   | 0.29                       | -   | -  |

\* Includes foreign exchange rate fluctuation

**43** : Figures for the previous year have been regrouped/rearranged, wherever found necessary.

### Signature to Note 1 to 43

As per our report of even date annexed  
For J K V S & CO  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI                      R. V. KANORIA  
Director                                  Managing Director  
(DIN:01097705)                      (DIN:00003792)

N. K. NOLKHA                              N. K. SETHIA  
Group Chief Financial Officer                      Company Secretary

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

### REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

#### OPINION

We have audited the accompanying consolidated Ind AS financial statements of KANORIA CHEMICALS & INDUSTRIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and 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 and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019 and their consolidated profit, their consolidated total comprehensive income, their consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards 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 Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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. We have determined that there are no key audit matters to be communicated in our report.

#### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include consolidated financial statements, standalone financial statements and our auditor's 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 during the course of our 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.

#### RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for preparation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued there under. The respective Board of Directors / Management of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Directors of the Holding Company, as aforesaid.

## INDEPENDENT AUDITOR'S REPORT

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 also responsible for overseeing the financial reporting process of the Group.

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

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

- a. Identify and assess the risks of material misstatement of the consolidated 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.
- b. 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)(l) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e. 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of 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 interests of such communication.

### OTHER MATTERS

- a. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 184.82 million as at March 31, 2019, total revenues of Rs. 10 million and net cash flows of Rs. 2.90 million for the year ended on that date, as considered in the statements. The financial statements have been audited by other auditor whose report has been furnished to us by the management. These audited financial statements have not been prepared in accordance with Indian Accounting Standards, as the subsidiary is a Non Banking Financial Company. These Financial Statements have been adjusted for difference in accounting principle to comply with the Ind AS financial Statement by the management



## INDEPENDENT AUDITOR'S REPORT

of the Company. We have audited these Ind AS conversion adjustments made by the Company's management. Our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

- b. We did not audit the financial statements of APAG Holding AG and financial statements of Kanoria Africa Textiles PLC, the foreign subsidiaries whose financial statements reflect total assets of Rs. 7,434.33 million as at March 31, 2019, total revenues of Rs. 6,259.97 million and net cash flow of Rs. 55.38 million for the year ended on that date, as considered in the consolidated financial statements. These consolidated financial statement(s)/financial information are reviewed/audited as per the local law of the respective countries and have been converted by the Management of the Holding Company so as to comply with the Ind AS compliant financial statement, and our opinion on the consolidated financial statements in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such consolidated financial statement(s) / financial information which have been converted into Ind AS financial statement by the management and have been reviewed by us.

Our report on the consolidated financial statement is not modified in respect of matters referred to in paragraph (a) and (b) above.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. 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.
- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement 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.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with complies (Indian accounting standards) Rules, 2015, as amended from time to time.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to the consolidated financial statement of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion, and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company, and subsidiary company incorporated in India, to its directors during the year is in accordance with the provisions of section 197(5) of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group – Refer Note No. 30 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs 1.07 million which is held in abeyance due to pending legal cases.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

ABHISHEK MOHTA  
Partner  
Membership No. 066653

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls with reference to the consolidated financial statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the consolidated financial statement of KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Holding Company") and its subsidiary company which is company incorporated in India (collectively referred to as 'the covered entities') as of and for the year ended March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Group.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

The Respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control with reference to the consolidated financial statement criteria established by the covered entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to covered entities' 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statement of the covered entities based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statement and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statement included obtaining an understanding of internal financial controls with reference to the consolidated financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 covered entities' internal financial controls with reference to the consolidated financial statement.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

A company's internal financial control with reference to the consolidated financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the consolidated financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statement, 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 the consolidated financial statement to future periods are subject to the risk that the internal financial control with reference to the consolidated financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the covered entities have in all material respects, an adequate internal financial controls with reference to the consolidated financial statement and such internal financial controls with reference to the consolidated financial statement were operating effectively as at March 31, 2019, based on the internal control with reference to the consolidated financial statement criteria established by the covered entities considering the essential components of internal control stated in the Guidance Note.

## OTHER MATTER

Our aforesaid report u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls with reference to the consolidated financial statement in so far as it relates to the subsidiary company incorporated in India, is based on the corresponding report of the auditor of that company.

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E  
ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

# CONSOLIDATED BALANCE SHEET

As at 31<sup>st</sup> March 2019

(Rs. In million)

| Particulars  | Notes | As at 31st March 2019 | As at 31 <sup>st</sup> March 2018 |
|--|-------|-----------------------|-----------------------------------|
| <b>ASSETS</b>  |       |                       |                                   |
| <b>Non-Current Assets</b>                                  |       |                       |                                   |
| (a) Property, Plant and Equipment                          | 5A    | 8,064.81              | 7,529.47                          |
| (b) Capital Work-in-Progress                               |       | 420.90                | 120.23                            |
| (c) Goodwill on Consolidation                              | 5B    | 338.14                | 337.37                            |
| (d) Other Intangible Assets                                | 5B    | 100.30                | 136.26                            |
| (e) Financial Assets                                       |       |                       |                                   |
| (i) Investments  | 6A    | 427.42                | 608.73                            |
| (ii) Loans   | 7     | 1.09                  | 0.95                              |
| (iii) Others   | 8     | 24.69                 | 19.37                             |
| (f) Other Non-Current Assets                               | 9     | 74.97                 | 74.19                             |
| <b>Total Non-Current Assets</b>                            |       | <b>9,452.32</b>       | <b>8,826.57</b>                   |
| <b>Current Assets</b>                                      |       |                       |                                   |
| (a) Inventories  | 10    | 1,903.21              | 1,413.64                          |
| (b) Financial Assets                                       |       |                       |                                   |
| (i) Investments  | 6B    | 47.76                 | 19.84                             |
| (ii) Trade Receivables                                     | 11    | 1,457.19              | 1,376.57                          |
| <b>(iii) Cash and Cash Equivalents</b>                     | 12A   | <b>194.46</b>         | <b>109.48</b>                     |
| (iv) Bank Balances other than (iii) above                  | 12B   | 261.95                | 359.07                            |
| (v) Loans  | 7     | 2.53                  | 1.33                              |
| (vi) Others  | 8     | 33.52                 | 131.83                            |
| (c) Current Tax Assets (Net)                               | 13    | 189.38                | 192.34                            |
| (d) Other Current Assets                                   | 9     | 465.77                | 347.34                            |
| <b>Total Current Assets</b>                                |       | <b>4,555.77</b>       | <b>3,951.44</b>                   |
| <b>Total Assets</b>  |       | <b>14,008.09</b>      | <b>12,778.01</b>                  |
| <b>EQUITY AND LIABILITIES</b>                              |       |                       |                                   |
| <b>EQUITY</b>  |       |                       |                                   |
| Equity Share Capital                                       | 14    | 218.49                | 218.49                            |
| Other Equity   | 15    | 5,766.52              | 5,660.80                          |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>5,985.01</b>       | <b>5,879.29</b>                   |
| Non-Controlling Interest                                   |       | 164.03                | 60.39                             |
| <b>TOTAL EQUITY</b>  |       | <b>6,149.04</b>       | <b>5,939.68</b>                   |
| <b>LIABILITIES</b>   |       |                       |                                   |
| <b>Non-Current Liabilities</b>                             |       |                       |                                   |
| (a) Financial Liabilities                                  |       |                       |                                   |
| (i) Borrowings   | 16    | 3,120.81              | 2,595.01                          |
| (ii) Other Financial Liabilities                           | 17    | 58.89                 | 49.18                             |
| (b) Provisions   | 18    | 69.65                 | 63.98                             |
| (c) Deferred Tax Liabilities (Net)                         | 19A   | 490.64                | 479.63                            |
| <b>Total Non-Current Liabilities</b>                       |       | <b>3,739.99</b>       | <b>3,187.80</b>                   |
| <b>Current Liabilities</b>                                 |       |                       |                                   |
| (a) Financial Liabilities                                  |       |                       |                                   |
| (i) Borrowings   | 16    | 1,425.92              | 1,341.68                          |
| (ii) Trade Payables  | 20    |                       |                                   |
| Total outstanding dues of Micro and small enterprises      |       | 26.08                 | -                                 |
| Total outstanding dues of others                           |       | 1,446.51              | 1,284.61                          |
| (iii) Other Financial Liabilities                          | 17    | 883.93                | 742.23                            |
| (b) Other Current Liabilities                              | 21    | 280.48                | 210.09                            |
| (c) Provisions   | 18    | 56.14                 | 71.92                             |
| <b>Total Current Liabilities</b>                           |       | <b>4,119.06</b>       | <b>3,650.53</b>                   |
| <b>Total Liabilities</b>                                   |       | <b>7,859.05</b>       | <b>6,838.33</b>                   |
| <b>Total Equity and Liabilities</b>                        |       | <b>14,008.09</b>      | <b>12,778.01</b>                  |
| Significant Accounting Policies                            | 3     |                       |                                   |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed  
 For J K V S & CO (Formerly JITENDRA K AGARWAL & ASSOCIATES)  
 Chartered Accountants  
 Firm Registration No.318086E  
 ABHISHEK MOHTA  
 Partner  
 Membership No. 066653  
 Place: New Delhi  
 Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI  
 Director  
 (DIN:01097705)

R. V. KANORIA  
 Managing Director  
 (DIN:00003792)

N. K. NOLKHA  
 Group Chief Financial Officer

N. K. SETHIA  
 Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2019

(Rs. In Million)

| Particulars  | Notes  | For the year ended<br>31st March 2019 | For the year ended<br>31st March 2018 |
|--|--------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>  |        |                                       |                                       |
| Revenue from Operations  | 22     | 10,735.01                             | 8,448.20                              |
| Other Income   | 23     | 122.50                                | 454.19                                |
| <b>Total Income</b>  |        | <b>10,857.51</b>                      | <b>8,902.39</b>                       |
| <b>EXPENSES</b>  |        |                                       |                                       |
| Cost of Materials Consumed   |        | 7,380.04                              | 5,638.33                              |
| Purchase of Stock-in-Trade   |        | 91.88                                 | 12.06                                 |
| Change in Inventories of Finished Goods and Work-in-Progress                     |        | (218.17)                              | (40.61)                               |
| Excise Duty on Sale of Goods   |        | -                                     | 80.66                                 |
| Employee Benefit Expenses  | 24     | 1,505.47                              | 1,303.42                              |
| Other Expenses   | 26     | 1,339.16                              | 1,108.11                              |
| <b>Expenses</b>  |        | <b>10,098.38</b>                      | <b>8,101.97</b>                       |
| <b>Profit before finance Costs, Depreciation &amp; Amortisation</b>              |        |                                       |                                       |
| <b>Exceptional Items and Tax</b>   |        | <b>759.13</b>                         | <b>800.42</b>                         |
| Finance Costs  | 25     | 360.11                                | 237.94                                |
| Depreciation and Amortisation Expenses   | 5A, 5B | 494.88                                | 466.12                                |
| <b>Profit/(Loss) before Exceptional Items and Tax</b>                            |        | <b>(95.86)</b>                        | <b>96.36</b>                          |
| Exceptional Item   | 27     | 53.89                                 | -                                     |
| <b>Profit/(Loss) before Tax</b>  |        | <b>(149.75)</b>                       | <b>96.36</b>                          |
| <b>Tax Expenses:</b>   |        |                                       |                                       |
| Current Tax  |        | 33.80                                 | 23.27                                 |
| MAT Credit Entitlement   |        | (18.27)                               | (21.17)                               |
| Deferred Tax   |        | 29.69                                 | (21.42)                               |
| Tax for earlier years  |        | (0.01)                                | -                                     |
| <b>Profit/(Loss) for the year</b>  |        | <b>(194.96)</b>                       | <b>115.68</b>                         |
| <b>OTHER COMPREHENSIVE INCOME (OCI)</b>  |        |                                       |                                       |
| A (i) Items that will not be reclassified to Profit or Loss                      | 28A    | (1.69)                                | (0.65)                                |
| (ii) Income-tax relating to items that will not be reclassified to Profit & Loss |        | 0.82                                  | 0.58                                  |
| B (i) Items that will be reclassified to Profit or Loss                          | 28B    | (1.26)                                | (26.03)                               |
| (ii) Income-tax relating to items that will be reclassified to Profit & Loss     |        | 0.14                                  | 3.00                                  |
| <b>Other Comprehensive Income for the year, net of tax</b>                       |        | <b>(1.99)</b>                         | <b>(23.10)</b>                        |
| <b>Total Comprehensive Income for the Year</b>                                   |        | <b>(196.95)</b>                       | <b>92.58</b>                          |
| <b>Profit/(Loss) attributable to</b>   |        |                                       |                                       |
| Owners of the Company  |        | (149.25)                              | 140.48                                |
| Non-Controlling Interest   |        | (45.71)                               | (24.80)                               |
| <b>Other Comprehensive Income attributable to</b>                                |        |                                       |                                       |
| Owners of the Company  |        | (1.99)                                | (23.10)                               |
| Non-Controlling Interest   |        | -                                     | -                                     |
| <b>Total Comprehensive Income attributable to</b>                                |        |                                       |                                       |
| Owners of the Company  |        | (151.24)                              | 117.38                                |
| Non-Controlling Interest   |        | (45.71)                               | (24.80)                               |
| Earning per Share (INR) – Basic & Diluted  | 29     | (3.42)                                | 3.22                                  |
| Significant Accounting Policies  | 3      |                                       |                                       |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed  
For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

(DIN:01097705)

(DIN:00003792)

N. K. NOLKHA  
Group Chief Financial Officer

N. K. SETHIA  
Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2019

(Rs. In Million)

| (A) Equity Share Capital                |  |                         |  |  |                         |  |
|---|--|-------------------------|--|--|-------------------------|--|
|   | Year ended 31 <sup>st</sup> March 2019           |                         |  | Year ended 31 <sup>st</sup> March 2018           |                         |  |
|   | Balance at the beginning of the reporting period | Changes during the year | Balance at the end of the reporting period | Balance at the beginning of the reporting period | Changes during the year | Balance at the end of the reporting period |
| Equity Share Capital                    | 218.47   | -                       | 218.47                                     | 218.47   | -                       | 218.47                                     |
| Add : Forfeited Shares (amount paid up) | 0.02   | -                       | 0.02                                       | 0.02   | -                       | 0.02                                       |
| <b>Total</b>                            | <b>218.49</b>                                    | <b>-</b>                | <b>218.49</b>                              | <b>218.49</b>                                    | <b>-</b>                | <b>218.49</b>                              |

| (B) Other Equity                        |  |                            |                            |                 |                   |                                     |                  |                                      |                 |                          |                 |
|---|--|----------------------------|----------------------------|-----------------|-------------------|-------------------------------------|------------------|--------------------------------------|-----------------|--------------------------|-----------------|
|   | Attributable to the equity holders of the parent |                            |                            |                 |                   |                                     |                  |                                      |                 |                          |                 |
|   | Reserves and Surplus                             |                            |                            |                 |                   | Items of Other Comprehensive Income |                  | Foreign Currency Translation Reserve | Total           | Non Controlling Interest | Total           |
|   | Capital Reserve                                  | Securities Premium Reserve | Capital Redemption Reserve | Special Reserve | Retained Earnings | Equity Instruments                  | Debt Instruments |                                      |                 |                          |                 |
| As at 31st March 2017                   | 34.17  | 161.50                     | 72.69                      | 29.84           | 5,488.37          | 4.46                                | 30.86            | (239.77)                             | 5,582.12        | 89.52                    | 5,671.64        |
| Profit for the year                     |  |                            |                            |                 | 140.48            |                                     |                  |                                      | 140.48          | (24.80)                  | 115.68          |
| Other Comprehensive Income              |  |                            |                            |                 | (0.86)            | 0.79                                | (23.03)          |                                      | (23.10)         |                          | (23.10)         |
| Total Comprehensive Income              | 34.17  | 161.50                     | 72.69                      | 29.84           | 5,627.99          | 5.25                                | 7.83             | (239.77)                             | 5,699.50        | 64.72                    | 5,764.22        |
| Dividend                                |  |                            |                            |                 | (65.54)           |                                     |                  |                                      | (65.54)         |                          | (65.54)         |
| Dividend Distribution Tax               |  |                            |                            |                 | (13.34)           |                                     |                  |                                      | (13.34)         |                          | (13.34)         |
| Transfer to Special Reserve             |  |                            |                            | 1.83            | (1.83)            |                                     |                  |                                      | -               |                          | -               |
| Foreign Currency translation adjustment |  |                            |                            |                 | (7.67)            |                                     |                  | 47.85                                | 40.18           | (4.33)                   | 35.85           |
| <b>As at 31st March 2018</b>            | <b>34.17</b>                                     | <b>161.50</b>              | <b>72.69</b>               | <b>31.67</b>    | <b>5,539.61</b>   | <b>5.25</b>                         | <b>7.83</b>      | <b>(191.92)</b>                      | <b>5,660.80</b> | <b>60.39</b>             | <b>5,721.19</b> |
| Profit for the year                     |  |                            |                            |                 | (149.25)          |                                     |                  |                                      | (149.25)        | (45.71)                  | (194.96)        |
| Other Comprehensive Income              |  |                            |                            |                 | (1.73)            | 0.86                                | (1.12)           |                                      | (1.99)          |                          | (1.99)          |
| Total Comprehensive Income              | 34.17  | 161.50                     | 72.69                      | 31.67           | 5,388.63          | 6.11                                | 6.71             | (191.92)                             | 5,509.56        | 14.68                    | 5,524.24        |
| Received during the year*               |  | 411.97                     |                            |                 |                   |                                     |                  |                                      | 411.97          |                          | 411.97          |
| Adjustment for Non-controlling Interest |  |                            |                            |                 | (25.31)           |                                     |                  |                                      | (25.31)         | 151.10                   | 125.79          |
| Dividend                                |  |                            |                            |                 | (65.54)           |                                     |                  |                                      | (65.54)         |                          | (65.54)         |
| Dividend Distribution Tax               |  |                            |                            |                 | (13.47)           |                                     |                  |                                      | (13.47)         |                          | (13.47)         |
| Transfer to Special Reserve             |  |                            |                            | 1.59            | (1.59)            |                                     |                  |                                      | -               |                          | -               |
| Foreign Currency translation adjustment |  |                            |                            |                 | (59.91)           |                                     |                  | 9.22                                 | (50.69)         | (1.75)                   | (52.44)         |
| <b>As at 31st March 2019</b>            | <b>34.17</b>                                     | <b>573.47</b>              | <b>72.69</b>               | <b>33.26</b>    | <b>5,222.81</b>   | <b>6.11</b>                         | <b>6.71</b>      | <b>(182.70)</b>                      | <b>5,766.52</b> | <b>164.03</b>            | <b>5,930.55</b> |

\*Represent premium received on new equity issued by APAG Holding AG, Switzerland.

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For and on behalf of the Board

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

ABHISHEK MOHTA  
Partner  
Membership No. 066653

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

AMITAV KOTHARI  
Director  
(DIN:01097705)

R. V. KANORIA  
Managing Director  
(DIN:00003792)

N. K. NOLKHA  
Group Chief Financial Officer

N. K. SETHIA  
Company Secretary

# STATEMENT OF CONSOLIDATED CASH FLOW

For the year ended 31st March 2019

(Rs. In Million)

|   | For the year ended<br>31st March 2019 | For the year ended<br>31st March 2018 |
|---|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                       |                                       |                                       |
| Profit before Tax   | (149.75)                              | 96.36                                 |
| Adjustments for:  |                                       |                                       |
| Exceptional Item  | 53.89                                 | -                                     |
| Unrealized Debts and Claims written off                             | 0.50                                  | 16.46                                 |
| Provision for bad & doubtful Debts & Advances (net)                 | 0.92                                  | 1.01                                  |
| Fair Value Loss on Foreign Exchange Forward Contracts               | (6.17)                                | 1.24                                  |
| Finance Costs   | 360.11                                | 237.94                                |
| Depreciation & Amortisation   | 494.88                                | 466.12                                |
| (Profit)/Loss on Sale of Fixed Assets (Net)                         | 2.52                                  | (26.53)                               |
| (Profit)/Loss on Sale of Investments as FVTPL/FVTOCI (Net)          | (1.16)                                | (42.72)                               |
| Interest Income   | (45.65)                               | (60.80)                               |
| Fair Value gain on Financial Instruments as FVTPL (Net)             | (6.22)                                | (16.59)                               |
| Dividend Income   | (4.78)                                | (10.88)                               |
| Liabilities Written back  | (0.63)                                | (6.34)                                |
| Unrealised Foreign Exchange (Gain)/Loss (Net)                       | (169.91)                              | (115.88)                              |
| <b>Operating Profit before Working Capital changes</b>              | <b>528.55</b>                         | <b>539.39</b>                         |
| Adjustments for:  |                                       |                                       |
| (Increase)/ Decrease in Trade and other Receivables (Net)           | (97.75)                               | (377.15)                              |
| Inventories   | (489.57)                              | (384.69)                              |
| Increase/ (Decrease) in Trade and other Payables (Net)              | 304.80                                | 511.54                                |
| <b>Cash Generated from Operations</b>                               | <b>246.03</b>                         | <b>289.09</b>                         |
| Income Tax (Paid)/Refund (net)                                      | (30.83)                               | (20.48)                               |
| <b>Net Cash from Operating Activities</b>                           | <b>215.20</b>                         | <b>268.61</b>                         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                       |                                       |                                       |
| Purchase of Fixed Assets  | (1,164.61)                            | (771.03)                              |
| Sale of Fixed Assets  | 19.15                                 | 44.72                                 |
| Purchase of Investments   | (984.20)                              | (1,517.70)                            |
| Sale of Investments   | 1,116.67                              | 1,925.03                              |
| Fixed Deposits & Margin Money (net)                                 | 97.34                                 | 16.72                                 |
| Interest received   | 47.35                                 | 89.69                                 |
| Dividend received   | 9.60                                  | 6.06                                  |
| <b>Net Cash used in /from Investing Activities</b>                  | <b>(858.70)</b>                       | <b>(206.51)</b>                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                       |                                       |                                       |
| Proceeds/(Repayments) of Borrowings (net)                           | 692.06                                | 232.15                                |
| Proceeds from issue of equity in Subsidiary including premium (net) | 494.28                                | -                                     |
| Dividend Paid (including Dividend Distribution Tax)                 | (79.01)                               | (78.88)                               |
| Finance Costs paid  | (378.85)                              | (263.32)                              |
| <b>Net Cash used in Financing Activities</b>                        | <b>728.48</b>                         | <b>(110.05)</b>                       |
| Net Increase/(Decrease) in Cash and Cash Equivalents                | 84.98                                 | (47.95)                               |
| Cash and Cash Equivalents at the beginning of the year              | 109.48                                | 157.43                                |
| <b>Cash and Cash Equivalents at the end of the year (Note 12A)</b>  | <b>194.46</b>                         | <b>109.48</b>                         |

Note: a. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(M).

As per our report of even date annexed

For and on behalf of the Board

For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E

AMITAV KOTHARI  
Director  
(DIN:01097705)

R. V. KANORIA  
Managing Director  
(DIN:00003792)

ABHISHEK MOHTA  
Partner  
Membership No. 066653

N. K. NOLKHA  
Group Chief Financial Officer

N. K. SETHIA  
Company Secretary

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate Information

Kanoria Chemicals & Industries Limited (the Company or Parent Company) having its registered office at 'KCI Plaza', 23C Ashutosh Chowdhury Avenue, Kolkata – 700 019, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Consolidated Financial Statements (CFS) comprise financial statements of Kanoria Chemicals & Industries Ltd. and its subsidiaries (collectively the Group) as at and for the year ended 31st March 2019. The Group is primarily engaged in manufacture of Industrial Chemicals, Electronic Automotive and Textiles.

## 2. Basis of Preparation

### A. Statement of Compliance

These Consolidated financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013 (the Act) and other relevant provisions of the Act.

These Consolidated financial Statements have been approved for issue by the Board of Directors on 27th May 2019.

### B. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- II. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- III. In case of foreign subsidiaries, revenue items are consolidated at the average monthly rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- IV. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- V. Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- VI. Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

### C. Functional and presentation currency

These Consolidated financial Statements are presented in Indian Rupees (INR), which is also the Parent Company's functional currency. All amounts have been rounded off to the nearest two decimals of millions, unless otherwise indicated.

### D. Historical cost convention

The Consolidated financial Statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

- I. Certain financial assets and liabilities
- II. Property, plant & equipment
- III. Defined benefit plans

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### E. Fair value measurement

A number of Group's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial Statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

- I. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- II. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- III. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### F. Current Versus Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

- I. the asset/liability is expected to be realised/settled in normal operating cycle;
- II. the asset is intended for sale or consumption;
- III. the asset/liability is held primarily for the purpose of trading;
- IV. the asset/liability is expected to be realised/settled within twelve months after the reporting period;
- V. the asset is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- VI. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period

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

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### G. Use of estimates and judgements

In preparing these Consolidated financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Detailed information about estimates and judgements is included in Note 4.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. Significant Accounting Policy

#### A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of each Company in the Group, at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss on net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Consolidated Statement of Profit and Loss are also recognised in OCI or Consolidated Statement of Profit and Loss, respectively.

#### B. Property, Plant & Equipment

##### I. Recognition & Measurement

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Consolidated Statement of Profit and Loss.

##### II. Depreciation methods, estimated useful lives and residual value

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act and/or based on the local requirements in respect of foreign subsidiaries.

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.

Freehold land is not depreciated.

The residual values are not more than 5% of the cost of an item of PPE.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### C. Intangible Assets

Intangible assets acquired are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated development expenditure is capitalised as part of the cost of the resulting intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in the Consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill is not amortised and is tested for impairment annually.

The Group amortises intangible assets with a finite useful life using the straight line method over the following periods :

|                     |         |
|---------------------|---------|
| Computer Software   | 3 years |
| Product Development | 5 years |

Amortisation methods and useful lives are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

### D. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the lease term unless

- i. another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or
- ii. the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Finance Leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leasehold land having perpetual rights are included in Property, plant and equipment.

### E. Financial Instruments

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

#### I. Financial Assets

##### *Initial recognition and measurement:*

The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

### **Subsequent measurement:**

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

- a) The Group's business model for managing the financial asset and
- b) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

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

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

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

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Group (Refer Note 37 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

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

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

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

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

This category applies to certain investments in debt instruments (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 37 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are not held for trading. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary companies (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

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

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

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

### **Impairment of financial assets:**

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

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

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

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

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

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

## II. *Financial Liabilities*

### **Initial recognition and measurement:**

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

### **Subsequent measurement:**

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

### **Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

### **III. Derivative Financial Instruments**

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

## **F. Impairment**

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Consolidated Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

## **G. Inventories**

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on FIFO/weighted average method, as appropriate.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## H. Income Tax

Income Tax comprises current and deferred tax and is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

### i. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using applicable tax rates and tax laws enacted or substantively enacted by the reporting date.

### ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax asset is also recognised in respect of carried forward tax losses and unused tax credits.

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

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 tax laws that have been enacted or substantively enacted by the reporting date.

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

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

## I. Revenue Recognition

### I. Revenue from Contract with Customer:

Effective April 1, 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

The Group derives revenue primarily from sale of manufactured and traded goods. Revenue is recognized on satisfaction of performance obligation upon transfer of goods to a customer at an amount that reflects the consideration to which the group is expected to be entitled to in exchange for those goods.

The transaction price of goods sold is net of variable consideration on account of returns, trade allowances, rebates and amounts collected on behalf of third parties. This variable consideration is estimated based on the expected value of outflow. The group recognizes revenue when it is probable that future economic benefits will flow to the Group and the amount of revenue can be reliably measured.

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

#### Sale of Services:

The impact of the adoption of the accounting policy as per this standard on the financial statements of the Group is insignificant.

### II. Renewable Energy Certificates (RECs)

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and at CERC prescribed floor price for RECs held by/accrued to the Group.

### III. Interest Income

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

### IV. Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### J. Employee Benefits

#### *i. Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards 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. Defined contribution plan*

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Group pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group recognises the contributions payable towards the provident fund as an expense in the Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees

#### *iii. Defined benefit plan*

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods. Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

#### *iv. Other long term employee benefits*

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

### K. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### L. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

### M. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

### N. Cash dividend to Equity shareholders

The Group recognises a liability to make distribution of cash dividend to equity shareholders of the Group when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### O. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

### P. Contingent Liabilities and Assets

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 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. Contingent assets are not recognised in the Consolidated financial Statements.

### Q. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### R. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

### Recent applicable Accounting pronouncements

*Ind AS/Amendments to Ind AS issued but not yet effective*

The Ind AS/Amendments to Ind AS issued but not yet effective up to the date of issuance of the Company's financial Statements are disclosed below. The company intends to adopt these when it becomes effective.

| Ind AS   | Description  |
|--|--|
| Ind AS 19, Employee Benefits   | The amendment clarifies the accounting for defined benefit plans on plan amendment, curtailment and settlement.  |
| Ind AS 28, Investment in Associates and Joint Ventures               | The amendment clarifies the accounting for the share of losses of an associate or joint venture after the equity interest has been reduced to nil.   |
| Ind AS 109, Financial Instruments                                    | The amendments enable entities to measure certain financial assets with prepayment features that may yield a negative compensation on prepayment.  |
| Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements | Additional guidance was provided on acquisition accounting, where an entity obtained control of a joint operation (Ind AS 103), or where a participant in a joint control, obtained joint control over the same (Ind AS 111)   |
| Ind AS 23, Borrowing Costs   | The amendment clarifies the borrowing costs to be considered for finalisation.   |
| Ind AS 12, Income Taxes – Annual Improvements                        | The amendment clarifies the accounting for income tax consequences on distribution of profits  |
| Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments      | The appendix provides clarification on the accounting for income taxes, when there is uncertainty over income tax treatments.  |
| Ind AS 116, Leases   | The Standard sets out the principles for the recognition, de recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. This standard shall come into force on 01st day of April, 2019. |

The management has assessed no material impact of the introduction of the Ind AS/Amendment to Ind AS on the financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the 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. 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.

#### i. Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### a. *Equity Investments measured at FVTOCI*

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to PL.

##### b. *Business Model for Investment of Debt Instruments*

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset. Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows. Such financial assets have been accordingly classified and measured at amortised cost.

#### ii. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### a. *Defined benefit plans*

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Further details about gratuity obligations are given in Note 32.

##### b. *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 valuation techniques including the DCF model. The inputs to these models are taken from observable markets 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 liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 38 for further disclosures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **c. Depreciation/Amortisation and Useful Lives of Property, Plant and Equipment/Intangible Assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

### **d. Impairment of Financial Assets**

The Group reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

### **e. Impairment of Non-Financial Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

### **f. Taxes**

The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5A. Property Plant and Equipment

(Rs. In Million)

|                          | Gross Carrying Value |               |   |                |                 | Depreciation    |               |   |                |                 | Net Carrying Value |
|--------------------------|----------------------|---------------|---|----------------|-----------------|-----------------|---------------|---|----------------|-----------------|--------------------|
|                          | As at 01.04.18       | Additions     | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.19  | As at 01.04.18  | For the Year* | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.19  | As at 31.03.19     |
| Land & Site Development: |                      |               |   |                |                 |                 |               |   |                |                 |                    |
| Freehold                 | 747.74               | 14.92         | (2.30)                                  | -              | 760.36          | -               | -             | -                                       | -              | -               | 760.36             |
| Leasehold                | 1,069.81             | -             | 17.26                                   | -              | 1,087.07        | 44.05           | 14.96         | 0.62                                    | -              | 59.63           | 1,027.44           |
| Buildings                | 1,870.94             | 347.30        | 27.60                                   | 1.63           | 2,244.21        | 160.67          | 57.56         | (0.76)                                  | 0.88           | 216.59          | 2,027.62           |
| Plant & Equipment        | 4,852.60             | 449.85        | 75.21                                   | 51.60          | 5,326.06        | 935.00          | 338.89        | (13.09)                                 | 36.30          | 1,224.50        | 4,101.56           |
| Furniture & Fixtures     | 85.32                | 8.66          | 0.96                                    | 1.20           | 93.74           | 31.73           | 10.58         | (0.01)                                  | 1.14           | 41.16           | 52.58              |
| Vehicles & Fork Lifts    | 68.28                | 23.69         | 0.84                                    | 5.52           | 87.29           | 15.03           | 12.02         | (0.16)                                  | 0.12           | 26.77           | 60.52              |
| Office Equipment         | 101.41               | 23.34         | (0.05)                                  | 6.59           | 118.11          | 80.15           | 9.60          | 0.06                                    | 6.43           | 83.38           | 34.73              |
| <b>Total</b>             | <b>8,796.10</b>      | <b>867.76</b> | <b>119.52</b>                           | <b>66.54</b>   | <b>9,716.84</b> | <b>1,266.63</b> | <b>443.61</b> | <b>(13.34)</b>                          | <b>44.87</b>   | <b>1,652.03</b> | <b>8,064.81</b>    |

\*Refer note 32.

|                          | Gross Carrying Value |               |   |                |                 | Depreciation   |               |   |                |                 | Net Carrying Value |
|--------------------------|----------------------|---------------|---|----------------|-----------------|----------------|---------------|---|----------------|-----------------|--------------------|
|                          | As at 01.04.17       | Additions     | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.18  | As at 01.04.17 | For the Year  | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.18  | As at 31.03.18     |
| Land & Site Development: |                      |               |   |                |                 |                |               |   |                |                 |                    |
| Freehold                 | 738.89               | -             | 8.85                                    | -              | 747.74          | -              | -             | -                                       | -              | -               | 747.74             |
| Leasehold                | 1,068.95             | -             | 0.86                                    | -              | 1,069.81        | 29.34          | 14.66         | 0.05                                    | -              | 44.05           | 1,025.76           |
| Buildings                | 1,732.96             | 74.62         | 75.08                                   | 11.72          | 1,870.94        | 102.94         | 57.10         | 7.14                                    | 6.51           | 160.67          | 1,710.27           |
| Plant & Equipment        | 3,970.67             | 767.39        | 116.95                                  | 2.41           | 4,852.60        | 579.69         | 298.13        | 57.34                                   | 0.16           | 935.00          | 3,917.60           |
| Furniture & Fixtures     | 74.92                | 9.91          | 1.06                                    | 0.57           | 85.32           | 20.85          | 10.48         | 0.73                                    | 0.33           | 31.73           | 53.59              |
| Vehicles & Fork Lifts    | 46.30                | 22.42         | 1.86                                    | 2.30           | 68.28           | 7.96           | 7.69          | 0.80                                    | 1.42           | 15.03           | 53.25              |
| Office Equipment         | 100.54               | 6.05          | 9.23                                    | 14.41          | 101.41          | 70.15          | 10.94         | 6.32                                    | 7.26           | 80.15           | 21.26              |
| <b>Total</b>             | <b>7,733.23</b>      | <b>880.39</b> | <b>213.89</b>                           | <b>31.41</b>   | <b>8,796.10</b> | <b>810.93</b>  | <b>399.00</b> | <b>72.38</b>                            | <b>15.68</b>   | <b>1,266.63</b> | <b>7,529.47</b>    |

### 5B: Intangible Assets

|                     | Gross Carrying Value |              |   |                |                | Amortisation   |              |   |                |                | Net Carrying Value |
|---------------------|----------------------|--------------|---|----------------|----------------|----------------|--------------|---|----------------|----------------|--------------------|
|                     | As at 01.04.18       | Additions    | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.19 | As at 01.04.18 | For the Year | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.19 | As at 31.03.19     |
| Goodwill            | 337.37               | -            | 0.77                                    | -              | 338.14         | -              | -            | -                                       | -              | -              | 338.14             |
| Computer Software   | 121.64               | 8.17         | (3.85)                                  | -              | 125.96         | 90.89          | 16.96        | (3.52)                                  | -              | 104.33         | 21.63              |
| Product Development | 384.77               | 9.56         | 6.91                                    | -              | 401.24         | 279.26         | 38.70        | 4.61                                    | -              | 322.57         | 78.67              |
| <b>Total</b>        | <b>843.78</b>        | <b>17.73</b> | <b>3.83</b>                             | <b>-</b>       | <b>865.34</b>  | <b>370.15</b>  | <b>55.66</b> | <b>1.09</b>                             | <b>-</b>       | <b>426.90</b>  | <b>438.44</b>      |

|                     | Gross Carrying Value |              |   |                |                | Amortisation   |              |   |                |                | Net Carrying Value |
|---------------------|----------------------|--------------|---|----------------|----------------|----------------|--------------|---|----------------|----------------|--------------------|
|                     | As at 01.04.17       | Additions    | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.18 | As at 01.04.17 | For the Year | Foreign Currency Translation Adjustment | Sale/ Disposal | As at 31.03.18 | As at 31.03.18     |
| Goodwill            | 335.21               | -            | 2.16                                    | -              | 337.37         | -              | -            | -                                       | -              | -              | 337.37             |
| Computer Software   | 93.70                | 17.00        | 16.51                                   | 5.57           | 121.64         | 57.25          | 24.37        | 12.38                                   | 3.11           | 90.89          | 30.75              |
| Product Development | 356.43               | 10.69        | 19.01                                   | 1.36           | 384.77         | 224.65         | 42.75        | 13.22                                   | 1.36           | 279.26         | 105.51             |
| <b>Total</b>        | <b>785.34</b>        | <b>27.69</b> | <b>37.68</b>                            | <b>6.93</b>    | <b>843.78</b>  | <b>281.90</b>  | <b>67.12</b> | <b>25.60</b>                            | <b>4.47</b>    | <b>370.15</b>  | <b>473.63</b>      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 : Investments

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |           |               | 31 <sup>st</sup> March 2018 |           |               |
|--|-----------------------------|-----------|---------------|-----------------------------|-----------|---------------|
|  | Face Value Rs.              | Nos.      | Amount        | Face Value Rs.              | Nos.      | Amount        |
| <b>(A) Non Current Investment</b>                          |                             |           |               |                             |           |               |
| <b>Investments at Fair Value through OCI</b>               |                             |           |               |                             |           |               |
| <b>Equity Shares, Fully Paid (Quoted)</b>                  |                             |           |               |                             |           |               |
| IFCI Ltd.  | 10                          | 200       | 0.00          | 10                          | 200       | 0.00          |
| HDFC Bank Ltd.   | 2                           | 2,500     | 5.80          | 2                           | 2,500     | 4.72          |
| Bank of India.   | 10                          | 9,000     | 0.94          | 10                          | 9,000     | 0.93          |
| NMDC Limited.  | 1                           | 8,000     | 0.84          | 1                           | 8,000     | 0.95          |
| <b>Equity Shares, Fully Paid (Unquoted)</b>                |                             |           |               |                             |           |               |
| Enviro Technology Ltd.                                     | 10                          | 10,000    | 0.10          | 10                          | 10,000    | 0.10          |
| Bharuch Enviro Infrastructure Ltd.                         | 10                          | 1,400     | 0.01          | 10                          | 1,400     | 0.01          |
| Mittal Tower Premises Co-op. Society Ltd.                  | 50                          | 5         | 0.00          | 50                          | 5         | 0.00          |
| Narmada Clean Tech Ltd.                                    | 10                          | 822,542   | 8.23          | 10                          | 822,542   | 8.23          |
| Woodlands Multispeciality Hospital Limited                 | 10                          | 2,180     | 0.02          | 10                          | 2,180     | 0.02          |
| <b>Debtenture/Bonds, Fully Paid (Quoted)</b>               |                             |           |               |                             |           |               |
| 8.75% National Highway Authorities of India                | 1,000                       | 40,000    | 48.68         | 1,000                       | 40,000    | 49.93         |
| <b>Total Investments at Fair Value through OCI</b>         |                             |           | <b>64.62</b>  |                             |           | <b>64.89</b>  |
| <b>Investments at Fair Value through PL</b>                |                             |           |               |                             |           |               |
| <b>Preference Shares, Fully Paid (Quoted)</b>              |                             |           |               |                             |           |               |
| 16.06% Infrastructure Leasing & Financial services Limited | 7,500                       | 4,000     | 30.00         | 7,500                       | 4,000     | 58.00         |
| <b>Mutual Funds (Quoted)</b>                               |                             |           |               |                             |           |               |
| HDFC FMP 3360 Days-Sr.30-Regular-Growth                    | -                           | -         | -             | 10                          | 5,000,000 | 65.19         |
| ICICI Prudential Value Discovery Fund - Dividend           | 10                          | 363,701   | 9.63          | 10                          | 363,701   | 10.47         |
| ICICI Prudential Ultra Short Term Fund-Growth              | 10                          | 845,255   | 15.96         | 10                          | 845,255   | 14.82         |
| HDFC Midcap Opportunities Fund - Dividend                  | 10                          | 412,969   | 11.76         | 10                          | 412,969   | 12.83         |
| Reliance Vision Fund-Dividend                              | 10                          | 90,879    | 3.32          | 10                          | 90,879    | 3.75          |
| Reliance Multi Cap Fund-Dividend                           | 10                          | 99,095    | 2.83          | 10                          | 99,095    | 2.80          |
| Reliance Dynamic Bond Fund - Growth                        | 10                          | 635,272   | 15.61         | 10                          | 635,272   | 14.73         |
| IDFC Dynamic Bond Fund -Growth                             | 10                          | 372,926   | 8.33          | 10                          | 372,926   | 7.70          |
| Franklin India Govt. Security Fund - Growth                | 10                          | 372,394   | 15.40         | 10                          | 372,394   | 14.52         |
| Franklin India Blue chip Fund-Dividend                     | 10                          | 262,533   | 10.02         | 10                          | 262,533   | 10.13         |
| Templeton India Value Fund - Dividend                      | 10                          | 184,955   | 11.53         | 10                          | 184,955   | 12.64         |
| <b>Alternative Investment Fund (Unquoted)</b>              |                             |           |               |                             |           |               |
| IIFL Real Estate Fund (Domestic) Sr.2                      | 7                           | 9,313,812 | 74.59         | 7                           | 9,313,812 | 78.38         |
| IIFL Real Estate Fund (Domestic) Sr.3                      | 9                           | 5,365,000 | 54.70         | 9                           | 5,365,000 | 55.43         |
| IIFL Income Opportunities Fund Series-Special Situations   | -                           | -         | -             | 5                           | 4,776,976 | 34.59         |
| IIFL Seed Venture Fund                                     | 10                          | 2,279,590 | 44.96         | 10                          | 2,279,590 | 35.99         |
| ICICI Prudential Real Estate AIF-II                        | 100                         | 373,935   | 37.28         | 100                         | 373,935   | 41.73         |
| Chiratae Trust   | 1,00,000                    | 132       | 16.88         | 1,00,000                    | 75        | 6.63          |
| <b>Equity Fund (Unquoted)</b>                              |                             |           |               |                             |           |               |
| IIFL Assets Revival Fund 2                                 | -                           | -         | -             | 10                          | 4,523,997 | 63.51         |
| <b>Total Investments at Fair Value through PL</b>          |                             |           | <b>362.80</b> |                             |           | <b>543.84</b> |
| <b>Total Non Current Investments (A)</b>                   |                             |           | <b>427.42</b> |                             |           | <b>608.73</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |           |              | 31 <sup>st</sup> March 2018 |         |              |
|--|-----------------------------|-----------|--------------|-----------------------------|---------|--------------|
|  | Face Value Rs.              | Nos.      | Amount       | Face Value Rs.              | Nos.    | Amount       |
| <b>(B) Current Investments:</b>                          |                             |           |              |                             |         |              |
| <b>Investments at Fair Value through PL</b>              |                             |           |              |                             |         |              |
| <b>Alternative Investment Fund (Unquoted)</b>            |                             |           |              |                             |         |              |
| IIFL Income Opportunities Fund Series-Special Situations | 4                           | 4,776,976 | 21.05        | -                           | -       | -            |
| <b>Mutual Funds (Unquoted)</b>                           |                             |           |              |                             |         |              |
| Franklin India Ultra Short Bond Fund-Super Ins.-Growth   | 10                          | 1,016,933 | 26.71        | 10                          | 824,689 | 19.84        |
| <b>Total Investments at Fair Value through PL</b>        |                             |           | <b>47.76</b> |                             |         | <b>19.84</b> |
| <b>Total Current Investments (B)</b>                     |                             |           | <b>47.76</b> |                             |         | <b>19.84</b> |

|  | Non-Current | Current |  | Non-Current | Current |
|--|-------------|---------|--|-------------|---------|
| Aggregate book value of quoted investments   | 190.65      | -       |  | 284.11      | -       |
| Aggregate market value of quoted investments | 190.65      | -       |  | 284.11      | -       |
| Aggregate value of unquoted investments      | 236.77      | 47.76   |  | 324.62      | 19.84   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7 : Loans

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |             | 31 <sup>st</sup> March 2018 |             |
|--|-----------------------------|-------------|-----------------------------|-------------|
|  | Non-Current                 | Current     | Non-Current                 | Current     |
| (Unsecured considered good)<br>Other Loans |                             |             |                             |             |
| Loan to Employees                          | 1.09                        | 2.53        | 0.95                        | 1.33        |
| <b>Total Loans</b>                         | <b>1.09</b>                 | <b>2.53</b> | <b>0.95</b>                 | <b>1.33</b> |

### 8 : Other Financial Assets

|  |              |              |              |               |
|--|--------------|--------------|--------------|---------------|
| (Unsecured considered good)<br>Security Deposits | 24.69        | 1.81         | 19.37        | 2.24          |
| Export Benefits and Claims Receivable            | -            | 27.58        | -            | 118.94        |
| Interest and Dividend Receivable                 | -            | 4.13         | -            | 10.65         |
| <b>Total Other Financial Assets</b>              | <b>24.69</b> | <b>33.52</b> | <b>19.37</b> | <b>131.83</b> |

### 9 : Other Assets

|  |              |               |              |               |
|--|--------------|---------------|--------------|---------------|
| (a) Capital Advances                     | 29.39        | -             | 11.03        | -             |
| (b) Advances other than Capital Advances |              |               |              |               |
| (i) Other Advances                       | 45.58        | 138.26        | 63.16        | 70.40         |
| (ii) Balance with Government Authorities | -            | 327.51        | -            | 276.94        |
| <b>Total Other Assets</b>                | <b>74.97</b> | <b>465.77</b> | <b>74.19</b> | <b>347.34</b> |

### 10 : Inventories

|  |  |                 |  |                 |
|--|--|-----------------|--|-----------------|
| (At lower of cost and net realisable value)<br>Raw Materials |  | 1,239.22        |  | 878.49          |
| Raw Materials in Transit                                     |  | -               |  | 80.45           |
| Work-in-Progress   |  | 200.69          |  | 125.28          |
| Finished Goods   |  | 332.22          |  | 242.46          |
| Goods in Transit   |  | 8.54            |  | -               |
| Stores & Spare Parts   |  | 122.54          |  | 86.96           |
| <b>Total Inventories</b>                                     |  | <b>1,903.21</b> |  | <b>1,413.64</b> |

### 11 : Trade Receivables

|   |  |                 |  |                 |
|---|--|-----------------|--|-----------------|
| Secured, considered good                  |  | 2.37            |  | -               |
| Unsecured, considered good                |  | 1,452.96        |  | 1,376.57        |
| With Significant Increase in Credit risk  |  | 12.74           |  | 9.44            |
| Less : Allowance for bad & doubtful Debts |  | 10.88           |  | 9.44            |
| <b>Total Trade Receivables</b>            |  | <b>1,457.19</b> |  | <b>1,376.57</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12A : Cash and Cash Equivalent

(Rs. In Million)

|                                       | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|---------------------------------------|-----------------------------|---------------|-----------------------------|---------------|
|                                       | Non-Current                 | Current       | Non-Current                 | Current       |
| Balances with Banks:                  |                             |               |                             |               |
| On Current Accounts                   |                             | 148.06        |                             | 89.98         |
| Remittance in Transit                 |                             | 44.39         |                             | 16.70         |
| Cash on hand                          |                             | 2.01          |                             | 2.80          |
| <b>Total Cash and Cash equivalent</b> |                             | <b>194.46</b> |                             | <b>109.48</b> |

### 12B : Other Bank Balances

|   |  |               |  |               |
|---|--|---------------|--|---------------|
| Earmarked balances with Banks (Unpaid Dividend Account) |  | 5.86          |  | 5.64          |
| Bank Deposits (held as security)                        |  | 256.09        |  | 353.43        |
| <b>Total Other Bank Balances</b>                        |  | <b>261.95</b> |  | <b>359.07</b> |

### 13 : Current Tax Assets

|  |  |               |  |               |
|--|--|---------------|--|---------------|
| Income Tax Payments and Tax (net of provision) |  | 189.38        |  | 192.34        |
| <b>Total Current Tax Assets</b>                |  | <b>189.38</b> |  | <b>192.34</b> |

### 14 : Equity Share Capital

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|--|-----------------------------|---------------|-----------------------------|---------------|
|  | No. of Shares               | Amount        | No. of Shares               | Amount        |
| <b>(a) Authorised Share Capital</b>          |                             |               |                             |               |
| Equity Shares of Rs. 5 each                  | 100,000,000                 | 500.00        | 100,000,000                 | 500.00        |
| <b>(b) Issued, Subscribed and Fully Paid</b> |                             |               |                             |               |
| Equity Shares of Rs. 5 each                  | 43,693,333                  | 218.47        | 43,693,333                  | 218.47        |
| Add: Forfeited Shares (Amount paid up)       |                             | 0.02          |                             | 0.02          |
| <b>Total</b>                                 |                             | <b>218.49</b> |                             | <b>218.49</b> |

#### (c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (d) Shares held by holding company

(Rs. In Million)

|                 | 31 <sup>st</sup> March 2019 |        | 31 <sup>st</sup> March 2018 |        |
|-----------------|-----------------------------|--------|-----------------------------|--------|
|                 | No. of Shares               | Amount | No. of Shares               | Amount |
| Vardhan Limited | 26,190,872                  | 130.95 | 26,190,872                  | 130.95 |

### (e) Details of shareholders holding more than 5% shares in the company

| Name of the Shareholder          | 31 <sup>st</sup> March 2019 |           | 31 <sup>st</sup> March 2018 |           |
|----------------------------------|-----------------------------|-----------|-----------------------------|-----------|
|                                  | No. of Shares               | % holding | No. of Shares               | % holding |
| Vardhan Limited                  | 26,190,872                  | 59.94     | 26,190,872                  | 59.94     |
| R V Investment & Dealers Limited | 3,210,120                   | 7.35      | 3,210,120                   | 7.35      |

### (f) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company has not issued any shares for consideration other than cash nor issued any bonus shares nor have brought back any shares during the period of five years preceding the year current year.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.

## 15 : Other Equity

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 |                 | 31 <sup>st</sup> March 2018 |                 |
|---|-----------------------------|-----------------|-----------------------------|-----------------|
| <b>Capital Reserve</b>                                    |                             |                 |                             |                 |
| As per last Balance Sheet                                 |                             | 34.17           |                             | 34.17           |
| <b>Capital Redemption Reserve</b>                         |                             |                 |                             |                 |
| As per last Balance Sheet                                 |                             | 72.69           |                             | 72.69           |
| <b>Securities Premium</b>                                 |                             |                 |                             |                 |
| As per last Balance Sheet                                 | 161.50                      |                 | 161.50                      |                 |
| Add: Received during the year                             | 411.97                      | 573.47          | -                           | 161.50          |
| <b>Special Reserve</b>                                    |                             |                 |                             |                 |
| As per last Balance Sheet                                 | 31.67                       |                 | 29.84                       |                 |
| Add: Transfer from Retained Earning                       | 1.59                        | 33.26           | 1.83                        | 31.67           |
| <b>Retained Earnings</b>                                  |                             |                 |                             |                 |
| As per last Balance Sheet                                 | 5,539.61                    |                 | 5,488.37                    |                 |
| Add : Profit/(Loss) for the Year                          | (149.25)                    |                 | 140.48                      |                 |
| Add : Actuarial gain/(loss) on Defined Benefit Plan (Net) | (1.73)                      |                 | (0.86)                      |                 |
| Add : Foreign Currency Translation adjustment             | (59.91)                     |                 | (7.67)                      |                 |
| Less: Adjustment for Non-controlling Interest             | (25.31)                     |                 | -                           |                 |
| Less: Transfer to Special Reserve                         | (1.59)                      |                 | (1.83)                      |                 |
| Less : Dividend   | (65.54)                     |                 | (65.54)                     |                 |
| Less : Dividend Distribution Tax                          | (13.47)                     | 5,222.81        | (13.34)                     | 5,539.61        |
| <b>Foreign Currency Translation reserve</b>               |                             |                 |                             |                 |
| As per last Balance Sheet                                 | (191.92)                    |                 | (239.77)                    |                 |
| Add: Foreign Currency Translation adjustment              | 9.22                        | (182.70)        | 47.85                       | (191.92)        |
| <b>Other Comprehensive Income (OCI)</b>                   |                             |                 |                             |                 |
| As per last Balance Sheet                                 | 13.08                       |                 | 35.32                       |                 |
| Add : Movement in OCI (Net) during the year               | (0.26)                      | 12.82           | (22.24)                     | 13.08           |
| <b>Total Other Equity</b>                                 |                             | <b>5,766.52</b> |                             | <b>5,660.80</b> |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 : Borrowings

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |                 | 31 <sup>st</sup> March 2018 |                 |
|--|-----------------------------|-----------------|-----------------------------|-----------------|
|  | Non-Current                 | Current         | Non-Current                 | Current         |
| <b>Secured</b>   |                             |                 |                             |                 |
| <b>Term Loan</b>   |                             |                 |                             |                 |
| From Bank/Financial Institution <sup>1</sup>                       | 2,367.87                    | 498.63          | 2,595.01                    | 462.50          |
| <b>Loans Repayable on Demand</b>                                   |                             |                 |                             |                 |
| From Banks <sup>2</sup>  |                             | 1,350.11        |                             | 1,107.58        |
| <b>Buyer's Credit</b>  |                             |                 |                             |                 |
| From Banks <sup>2</sup>  |                             | 75.81           |                             | 234.10          |
| <b>Unsecured</b>   |                             |                 |                             |                 |
| <b>Term Loans</b>  |                             |                 |                             |                 |
| From Banks   | 640.17                      | -               | -                           | -               |
| From Government  | 57.55                       | -               | -                           | -               |
| From Body Corporate  | 55.22                       | 45.89           | -                           | -               |
|  | <b>3,120.81</b>             | <b>1,970.44</b> | <b>2,595.01</b>             | <b>1,804.18</b> |
| Amount Disclosed under Other Financial Liabilities (Refer Note 17) | -                           | (544.52)        | -                           | (462.50)        |
| <b>Total Borrowings</b>  | <b>3,120.81</b>             | <b>1,425.92</b> | <b>2,595.01</b>             | <b>1,341.68</b> |

<sup>1</sup> Term Loan of Rs. 192.99 million secured by Fixed Deposits, of Rs. 421.46 million secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Naidupeta & Vizag Division, both present and future, of Rs. 1,715.15 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, of Rs. 298.56 million secured by Land & Building of APAG Elektronik s.r.o., Czech Republic and Rs. 238.34 million secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic.

<sup>2</sup> Loan of Rs. 600.58 million secured by hypothecation of Current Assets of the Company, of Rs. 327.87 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, Ethiopia and Loan of Rs. 497.47 million secured by Inventories and Trade Receivables of APAG Elektronik s.r.o., Czech Republic

### 17 : Other Financial Liabilities

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 |               | 31 <sup>st</sup> March 2018 |               |
|---|-----------------------------|---------------|-----------------------------|---------------|
|   | Non-Current                 | Current       | Non-Current                 | Current       |
| Current Maturities of Long Term Debts (Refer Note 16) | -                           | 544.52        | -                           | 462.50        |
| Interest Accrued                                      | -                           | 27.80         | -                           | 41.97         |
| Security Deposits                                     | -                           | 7.98          | -                           | 5.94          |
| Liabilities for Capital Goods                         | -                           | 50.03         | -                           | 19.06         |
| Leasehold Land Obligations Payable                    | 38.49                       | 4.02          | 37.93                       | 3.94          |
| Unpaid Dividend <sup>1</sup>                          | -                           | 5.86          | -                           | 5.65          |
| Employee related Liabilities                          | -                           | 102.29        | -                           | 58.01         |
| Other Liabilities                                     | 20.40                       | 141.43        | 11.25                       | 145.16        |
| <b>Total Other Financial Liabilities</b>              | <b>58.89</b>                | <b>883.93</b> | <b>49.18</b>                | <b>742.23</b> |

<sup>1</sup> These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.07 million (previous year Rs. 0.67 million) which is held in abeyance due to legal case pending.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 : Provisions

(Rs. In Million)

|                             | 31 <sup>st</sup> March 2019 |              | 31 <sup>st</sup> March 2018 |              |
|-----------------------------|-----------------------------|--------------|-----------------------------|--------------|
|                             | Non-Current                 | Current      | Non-Current                 | Current      |
| Provision for Gratuity      | 69.65                       | 12.15        | 63.98                       | 10.85        |
| Provision for Accrued Leave | -                           | 43.99        | -                           | 61.07        |
| <b>Total Provisions</b>     | <b>69.65</b>                | <b>56.14</b> | <b>63.98</b>                | <b>71.92</b> |

### 19 : Income Tax

#### A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences (net of foreign exchange fluctuation) are as follows:

|  | 1 <sup>st</sup> April 2018 | Profit & Loss Net | OCI (Net)     | 31 <sup>st</sup> March 2019 |
|--|----------------------------|-------------------|---------------|-----------------------------|
| <b>Deferred Tax Liability</b>                |                            |                   |               |                             |
| Timing Difference on PPE & Intangible Assets | 735.17                     | 10.69             | -             | 745.86                      |
| Fair Value of Investments                    | 8.52                       | (1.87)            | (0.03)        | 6.62                        |
| <b>Deferred Tax Assets</b>                   |                            |                   |               |                             |
| MAT Credit Entitlement                       | 154.65                     | 18.27             | (0.57)        | 172.35                      |
| Unabsorbed Business Losses/Depreciation      | 71.40                      | (38.05)           | -             | 33.35                       |
| Expenses relating to Retirement Benefits     | 32.17                      | 5.72              | 0.93          | 38.82                       |
| MTM Adjustment on Forward Contracts          | 5.59                       | (2.15)            | -             | 3.44                        |
| Others                                       | 0.25                       | 13.63             | -             | 13.88                       |
| <b>Net Deferred Tax Liabilities</b>          | <b>479.63</b>              | <b>11.40</b>      | <b>(0.39)</b> | <b>490.64</b>               |

|  | 1 <sup>st</sup> April 2017 | Profit & Loss Net | OCI (Net)     | 31 <sup>st</sup> March 2018 |
|--|----------------------------|-------------------|---------------|-----------------------------|
| <b>Deferred Tax Liability</b>                |                            |                   |               |                             |
| Timing Difference on PPE & Intangible Assets | 681.76                     | 53.41             | -             | 735.17                      |
| Fair Value of Investments                    | 10.34                      | 1.30              | (3.12)        | 8.52                        |
| Others                                       | 0.48                       | (0.48)            | -             | -                           |
| <b>Deferred Tax Assets</b>                   |                            |                   |               |                             |
| MAT Credit Entitlement                       | 133.75                     | 21.17             | (0.27)        | 154.65                      |
| Unabsorbed Business Losses/Depreciation      | 3.16                       | 68.24             | -             | 71.40                       |
| Expenses relating to Retirement Benefits     | 28.99                      | 2.72              | 0.46          | 32.17                       |
| MTM Adjustment on Forward Contracts          | 2.74                       | 2.85              | -             | 5.59                        |
| Others                                       | -                          | 0.25              | -             | 0.25                        |
| <b>Net Deferred Tax Liabilities</b>          | <b>523.94</b>              | <b>(41.00)</b>    | <b>(3.31)</b> | <b>479.63</b>               |

#### B: Reconciliation of tax expense on the accounting profit for the year:

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>Profit before income tax</b>   | <b>(149.75)</b>             | <b>96.36</b>                |
| At India's statutory Income tax rate of 33.384% (Previous year 34.608%) | (49.99)                     | 33.35                       |
| Tax effect on non-deductible expenses                                   | (0.74)                      | 0.13                        |
| Effect of income that is exempted from tax                              | 1.60                        | (14.10)                     |
| Effect of loss on which no tax benefit available                        | 88.10                       | (40.26)                     |
| Others  | 6.25                        | 1.56                        |
| Tax expenses for earlier years  | (0.01)                      | -                           |
| <b>Tax expenses reported in the statement of profit and loss</b>        | <b>45.21</b>                | <b>(19.32)</b>              |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20 : Trade Payable

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Trade Payable</b>   |                             |                             |
| Total outstanding dues of Micro and Small Enterprises  | 26.08                       | -                           |
| Total outstanding dues of creditors other than Micro and Small Enterprises   | 1,446.51                    | 1,284.61                    |
| <b>Total Trade Payables</b>  | <b>1,472.59</b>             | <b>1,284.61</b>             |
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.  |                             |                             |
| i. Principal   | 26.08                       | -                           |
| ii. Interest   | -                           | -                           |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                           | -                           |
| The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006   | -                           | -                           |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | -                           | -                           |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | -                           | -                           |

### 21 : Other Current Liabilities

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Statutory Liabilities</b>           | 210.46                      | 183.36                      |
| Customers' Credit Balances             | 70.02                       | 26.73                       |
| <b>Total Other Current Liabilities</b> | <b>280.48</b>               | <b>210.09</b>               |

### 22 : Revenue from Operations

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| (a) Sale of Products                                 |                             |                             |
| Manufactured products                                |                             |                             |
| Alco Chemicals                                       | 4,294.01                    | 3,365.39                    |
| Solar Power  | 31.83                       | 35.68                       |
| Electronic Automotive                                | 5,093.11                    | 4,009.92                    |
| Textile  | 1,014.06                    | 813.94                      |
|  | <b>10,433.01</b>            | <b>8,224.93</b>             |
| Trade Products                                       |                             |                             |
| Methanol   | 95.59                       | 13.46                       |
| (b) Sale of Services                                 | 115.15                      | 126.68                      |
| <b>Total Sale</b>                                    | <b>10,643.75</b>            | <b>8,365.07</b>             |
| (b) Other Operating Revenues                         |                             |                             |
| Miscellaneous Sales                                  | 52.01                       | 48.80                       |
| Renewal Energy Certificate benefits                  | 11.74                       | 9.57                        |
| Export benefits                                      | 3.21                        | 11.30                       |
| Others   | 24.30                       | 13.46                       |
| <b>Total Other Operating Revenues</b>                | <b>91.26</b>                | <b>83.13</b>                |
| <b>Total Revenue from Operations (Refer note 33)</b> | <b>10,735.01</b>            | <b>8,448.20</b>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23 : Other Income

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Interest Income  |                             |                             |
| On Investments   | 17.78                       | 25.71                       |
| From Others  | 27.87                       | 35.09                       |
| Dividend Income  | 4.78                        | 10.88                       |
| Gain on Sale of Investments classified as FVTPL (Net)              | 1.16                        | 10.83                       |
| Gain on sale of Debt Securities classified as FVTOCI               | -                           | 2.64                        |
| Gain on reclassification of FVTOCI Debt Securities                 | -                           | 29.25                       |
| Fair value gain on Financial Instruments classified as FVTPL (Net) | 6.22                        | 16.59                       |
| Profit/(Loss) on Fixed Assets sold/discards (Net)                  | (2.52)                      | 26.53                       |
| Fair value gain on Foreign Exchange Forward Contracts              | 6.17                        | -                           |
| Rent Income  | 2.22                        | 2.14                        |
| Foreign Exchange Rate Fluctuation (Net)                            | 37.76                       | 280.50                      |
| Other Non Operating Income   | 21.06                       | 14.03                       |
| <b>Total Other Income</b>  | <b>122.50</b>               | <b>454.19</b>               |

### 24 : Employee Benefits Expense

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Salaries, Wages, Bonus & Gratuity etc.<br>(including payments to Contractors) | 1,249.74                    | 1,095.83                    |
| Contribution to Provident Fund  | 196.41                      | 158.65                      |
| Staff Welfare Expenses  | 59.32                       | 48.94                       |
| <b>Total Employee Benefits Expense</b>  | <b>1,505.47</b>             | <b>1,303.42</b>             |

### 25 : Finance Costs

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Interest expense  | 319.16                      | 199.33                      |
| Exchange difference regarded as an adjustment to Borrowing Cost | 13.49                       | 26.15                       |
| Bank/Finance charges  | 27.46                       | 12.46                       |
| <b>Total Finance Cost</b>                                       | <b>360.11</b>               | <b>237.94</b>               |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 : Other Expenses

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Consumption of Stores & Spare parts etc.              | 192.91                      | 94.82                       |
| Other Manufacturing Expenses                          | 149.98                      | 95.38                       |
| Power & Fuel  | 343.65                      | 311.92                      |
| Repairs to -  |                             |                             |
| Plant & Machinery                                     | 59.87                       | 49.32                       |
| Buildings   | 6.15                        | 6.48                        |
| Others  | 20.55                       | 16.11                       |
| Water Charges & Cess                                  | 22.74                       | 20.64                       |
| Rates & Taxes   | 13.96                       | 13.72                       |
| Rent  | 60.65                       | 52.98                       |
| Insurance   | 29.70                       | 26.08                       |
| Legal and Professional Charges                        | 69.94                       | 86.47                       |
| Miscellaneous Expenses                                | 111.45                      | 124.19                      |
| CSR Expenditure                                       | 2.71                        | 1.82                        |
| Commission & Brokerage to Others                      | 54.03                       | 20.28                       |
| Freight, Handling & Other Charges                     | 110.87                      | 91.73                       |
| Directors' Fees                                       | 1.70                        | 1.64                        |
| Travelling Expenses                                   | 50.16                       | 43.19                       |
| Charity & Donations                                   | 0.01                        | 0.10                        |
| Sales Tax (net)                                       | -                           | 0.15                        |
| Directors' Remuneration                               | 30.29                       | 25.64                       |
| Provision for bad & doubtful Debts & Advances (net)   | 0.92                        | 1.01                        |
| Unrealized Debts and Claims written off               | 0.50                        | 16.46                       |
| Payment to Auditors                                   | 6.42                        | 6.74                        |
| Fair Value Loss on Foreign Exchange Forward Contracts | -                           | 1.24                        |
| <b>Total Other Expenses</b>                           | <b>1,339.16</b>             | <b>1,108.11</b>             |

#### Additional Information regarding Payment to Auditors

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| (a) Statutory Auditors                    |                             |                             |
| Audit Fees                                | 3.82                        | 4.07                        |
| For Certificates & Others                 | 2.29                        | 2.24                        |
| For Travelling and out of pocket expenses | 0.15                        | 0.27                        |
| (b) Cost Auditors                         |                             |                             |
| Audit Fees                                | 0.15                        | 0.15                        |
| For Travelling and out of pocket expenses | 0.01                        | 0.01                        |
| <b>Total payment to Auditors</b>          | <b>6.42</b>                 | <b>6.74</b>                 |

### 27 : Exceptional Item

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| (a) Substantial decline in the fair value of investment in Preference Shares of Infrastructure Leasing and Financial Services Limited | 28.00                       | -                           |
| (b) Capital raising cost incurred by APAG Holding AG, a Subsidiary of the Company   | 25.89                       | -                           |
| <b>Total Exceptional Items</b>  | <b>53.89</b>                | <b>-</b>                    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 : Other Comprehensive Income (OCI)

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>A. Items that will not be reclassified to Profit or Loss (PL)-</b>      |                             |                             |
| 1. Actuarial Gain/(Loss) on Defined Benefit Obligations                    | (2.66)                      | (1.32)                      |
| Current Tax  | 0.57                        | 0.27                        |
| MAT Credit Entitlement   | (0.57)                      | (0.27)                      |
| Deferred Tax   | 0.93                        | 0.46                        |
| 2. Net Gain/(Loss) on FVTOCI Equity Securities                             | 0.97                        | 0.67                        |
| Deferred Tax   | (0.11)                      | 0.12                        |
| <b>Net OCI not to be reclassified to PL-</b>                               | <b>(0.87)</b>               | <b>(0.07)</b>               |
| <b>B. Items that will be reclassified to Profit or Loss (PL)-</b>          |                             |                             |
| 1. Net Gain/(Loss) on FVTOCI Debt Securities                               | (1.26)                      | 3.22                        |
| Deferred Tax   | 0.14                        | (0.37)                      |
| 2. (Gain)/Loss transferred to PL upon Recycling of FVTOCI Debt Instruments | -                           | (29.25)                     |
| Deferred Tax   | -                           | 3.37                        |
| <b>Net OCI to be reclassified to PL</b>                                    | <b>(1.12)</b>               | <b>(23.03)</b>              |
| <b>Other Comprehensive Income for the year, net of tax</b>                 | <b>(1.99)</b>               | <b>(23.10)</b>              |

### 29 : Earnings per Share (EPS)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Details for calculation of Basic and Diluted Earning per Share:</b> |                             |                             |
| Profit after Tax as per Statement of Profit and Loss                   | (149.25)                    | 140.48                      |
| Weighted average number of Equity Share (Numbers)                      | 43,693,333                  | 43,693,333                  |
| Basic and Diluted Earning per Share (Rs.)                              | (3.42)                      | 3.22                        |

### 30 : Commitments and Contingencies

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>(i) Contingent Liabilities</b>   |                             |                             |
| (a) Claims/Disputed Liabilities not acknowledged as Debt  |                             |                             |
| Excise Duty Demands (paid Rs. 9.32 million)   | 13.14                       | 13.13                       |
| Sales Tax Demands (paid Rs. 0.43 million)   | 0.43                        | 0.43                        |
| Income Tax Demands (paid Rs. 55.54 million)   | 55.54                       | 55.54                       |
| Other Claims being disputed by the Company (paid Rs. 1.50 million)  | 5.56                        | 5.56                        |
| (b) Outstanding Bank Guarantees   | 42.76                       | 31.94                       |
| (c) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019 set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and further clarification in the matter to assess any potential impact on the Company and consequently no adjustments have been made in the books of account. |                             |                             |
| <b>(ii) Commitments</b>   |                             |                             |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for  | 101.26                      | 11.86                       |
| Advance paid  | 29.39                       | 11.03                       |
| (b) Uncalled Liability on Investments   | 9.80                        | 15.50                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 : Distribution Proposed:

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Proposed dividends on Equity shares:</b>  |                             |                             |
| Final cash dividend for the year ended on 31 March 2019 : INR 0.75 per share<br>(31 March 2018: INR 1.5 per share) | 32.77                       | 65.54                       |
| DDT on proposed dividend   | 6.74                        | 13.47                       |
|  | <b>39.51</b>                | <b>79.01</b>                |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March 2019.

### 32 : Details of pre-operative expenses transferred to Capital Work in progress:

|                               | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-------------------------------|-----------------------------|-----------------------------|
| Employees Benefits Expense    | 20.02                       | 10.40                       |
| Other Expenses                | 8.12                        | 1.14                        |
| Finance Cost                  | 9.23                        | 1.86                        |
| Depreciation and Amortisation | 4.39                        | -                           |
|                               | <b>41.76</b>                | <b>13.40</b>                |

### 33 : Segment Information

For management purposes, the Group is organised into business units based on its products and services and has following reportable segments:

- I. Alco Chemicals
- II. Solar Power
- III. Electronic Automotive
- IV. Textile
- v. Others

(Rs. In Million)

| Business Segment  | Year ended 31 <sup>st</sup> March 2019 |                |                          |          |        |                  |
|---|--|----------------|--------------------------|----------|--------|------------------|
|   | Alco<br>Chemicals                      | Solar<br>Power | Electronic<br>Automotive | Textile  | Others | Total            |
| <b>Segment Revenue</b>  |  |                |                          |          |        |                  |
| Revenue from Operations (Refer note 34)                             | 4,431.46                               | 43.57          | 5,237.31                 | 1,022.67 | -      | 10,735.01        |
| <b>Segment Result</b>   | 202.45                                 | (8.82)         | 33.58                    | 38.78    | 9.83   | 275.82           |
| Less: (i) Finance Costs   |  |                |                          |          |        | 360.11           |
| (ii) Exceptional Items  |  |                |                          |          |        | 53.89            |
| (iii) Other Un-allocable expenditure<br>net off Un-allocable income |  |                |                          |          |        | 11.57            |
| Profit before Tax   |  |                |                          |          |        | (149.75)         |
| Tax Expense   |  |                |                          |          |        | 45.21            |
| <b>Net Profit:</b>  |  |                |                          |          |        | <b>(194.96)</b>  |
| Segment Assets  | 4,824.23                               | 233.67         | 3,988.36                 | 3,445.98 | 153.48 | 12,645.72        |
| Un-allocable Corporate Assets                                       |  |                |                          |          |        | 1,362.37         |
| <b>Total Assets:</b>  |  |                |                          |          |        | <b>14,008.09</b> |
| Segment Liabilities   | 586.76                                 | 12.62          | 3,061.51                 | 2,398.58 | -      | 6,059.47         |
| Un-allocable Corporate Liabilities                                  |  |                |                          |          |        | 1,799.58         |
| <b>Total Liabilities:</b>   |  |                |                          |          |        | <b>7,859.05</b>  |
| <b>Other Disclosures</b>  |  |                |                          |          |        |                  |
| Capital Expenditure   | 322.64                                 | 0.58           | 787.13                   | 29.30    | -      | 1,139.65         |
| Un-allocable Capital Expenditure                                    |  |                |                          |          |        | 46.51            |
| <b>Total Capital Expenditure:</b>                                   |  |                |                          |          |        | <b>1,186.16</b>  |
| Depreciation & Amortization   | 156.63                                 | 34.12          | 196.69                   | 97.65    | -      | 485.09           |
| Un-allocable Depreciation   |  |                |                          |          |        | 9.79             |
| <b>Total Depreciation &amp; Amortization:</b>                       |  |                |                          |          |        | <b>494.88</b>    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Million)

| Business Segment   | Year ended 31 <sup>st</sup> March 2018 |             |                       |          |        |                  |
|--|--|-------------|-----------------------|----------|--------|------------------|
|  | Alco Chemicals                         | Solar Power | Electronic Automotive | Textile  | Others | Total            |
| <b>Segment Revenue</b>   |  |             |                       |          |        |                  |
| Revenue from Operations (Refer note 34)                          | 3,422.90                               | 45.24       | 4,152.10              | 827.96   | -      | 8,448.20         |
| <b>Segment Result</b>  | 65.25                                  | (4.43)      | 150.33                | 36.81    | 10.89  | 258.85           |
| Less: (i) Finance Costs  |  |             |                       |          |        | 237.94           |
| (ii) Exceptional Item  |  |             |                       |          |        | -                |
| (iii) Other Un-allocable expenditure net off Un-allocable income |  |             |                       |          |        | (75.45)          |
| Profit before Tax  |  |             |                       |          |        | 96.36            |
| Tax Expense  |  |             |                       |          |        | (19.32)          |
| <b>Net Profit:</b>   |  |             |                       |          |        | <b>115.68</b>    |
| Segment Assets   | 4,749.61                               | 346.94      | 2,849.56              | 3,120.68 | 145.55 | 11,212.34        |
| Un-allocable Corporate Assets                                    |  |             |                       |          |        | 1,565.67         |
| <b>Total Assets:</b>   |  |             |                       |          |        | <b>12,778.01</b> |
| Segment Liabilities  | 567.48                                 | 8.94        | 2,280.14              | 2,389.95 | -      | 5,246.51         |
| Un-allocable Corporate Liabilities                               |  |             |                       |          |        | 1,591.82         |
| <b>Total Liabilities:</b>  |  |             |                       |          |        | <b>6,838.33</b>  |
| <b>Other Disclosures</b>   |  |             |                       |          |        |                  |
| Capital Expenditure  | 429.06                                 | -           | 283.24                | 46.34    | -      | 758.64           |
| Un-allocable Capital Expenditure                                 |  |             |                       |          |        | 4.53             |
| <b>Total Capital Expenditure:</b>                                |  |             |                       |          |        | <b>763.17</b>    |
| Depreciation & Amortization                                      | 168.79                                 | 34.08       | 165.41                | 88.83    | -      | 457.11           |
| Un-allocable Depreciation  |  |             |                       |          |        | 9.01             |
| <b>Total Depreciation &amp; Amortization:</b>                    |  |             |                       |          |        | <b>466.12</b>    |

**(B) Secondary Segment information**

| Geographical Segment ==> | Year ended 31 <sup>st</sup> March 2019 |                   |           | Year ended 31 <sup>st</sup> March 2018 |                   |           |
|--------------------------|--|-------------------|-----------|--|-------------------|-----------|
|                          | India                                  | Rest of the World | Total     | India                                  | Rest of the World | Total     |
| Segment Revenue          | 4,375.97                               | 6,359.04          | 10,735.01 | 3,331.98                               | 5,116.22          | 8,448.20  |
| Segment Assets           | 6,557.47                               | 7,450.62          | 14,008.09 | 6,797.52                               | 5,980.49          | 12,778.01 |
| Segment Liabilities      | 2,354.52                               | 5,504.53          | 7,859.05  | 2,160.86                               | 4,677.47          | 6,838.33  |
| Capital Expenditure      | 369.73                                 | 816.43            | 1,186.16  | 433.59                                 | 329.58            | 763.17    |

**(C) Other Disclosures****Basis of pricing inter/Intra segment transfer and any change therein:**

At prevailing market-rate at the time of transfers.

**Segment Accounting Policies**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company and its subsidiaries.

**Type of products included in each reported business segment:**

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde &amp; Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn &amp; denim manufacturing, Electronic Automotive business includes electronic &amp; mechatronic modules etc and others includes Financial Activities &amp; others.

**34 :** Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 115 on Revenue from contracts with customer and Schedule III of the Companies Act, 2013, unlike Excise duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures of Revenue from Operation and Segment Revenue of Alco Chemicals for the Year ended 31st March, 2019 are not comparable with the previous year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 35 : Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

#### A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise. Subsidiaries are not having defined benefit plan scheme for its employees.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans as relates to parent only.

(Rs. In Million)

|   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
|   | Gratuity                    | Gratuity                    |
| <b>1. Change in the Present Value of Obligation</b>                 |                             |                             |
| - Present Value of Obligation as at the beginning                   | 74.83                       | 67.74                       |
| - Current Service Cost  | 4.55                        | 4.17                        |
| - Interest Expense or Cost  | 5.68                        | 5.01                        |
| - Actuarial (gains) / losses arising from:                          |                             |                             |
| change in financial assumptions                                     | (0.44)                      | (0.84)                      |
| experience variance   | 3.10                        | 2.16                        |
| - Benefits paid   | (5.92)                      | (3.41)                      |
| - Present Value of Obligation as at the end                         | <b>81.80</b>                | <b>74.83</b>                |
| <b>2. Expenses recognised in the Statement of Profit &amp; Loss</b> |                             |                             |
| - Current Service Cost  | 4.55                        | 4.17                        |
| - Interest Expense or Cost  | 5.68                        | 5.01                        |
| <b>Total</b>  | <b>10.23</b>                | <b>9.18</b>                 |
| <b>3. Other Comprehensive Income</b>                                |                             |                             |
| - Actuarial (gains) / losses arising from:                          |                             |                             |
| change in financial assumptions                                     | (0.44)                      | (0.84)                      |
| experience variance   | 3.10                        | 2.16                        |
| <b>Total</b>  | <b>2.66</b>                 | <b>1.32</b>                 |
| <b>4. Actuarial Assumptions</b>                                     |                             |                             |
| <b>(a) Financial Assumptions</b>                                    |                             |                             |
| Discount rate (per annum)   | 7.70%                       | 7.60%                       |
| Salary growth rate (per annum)                                      | 7.00%                       | 7.00%                       |
| <b>(b) Demographic Assumptions</b>                                  |                             |                             |
| Mortality rate (% of IALM 06-08)                                    | 100%                        | 100%                        |
| Attrition/Withdrawal rates, based on age: (per annum)               |                             |                             |
| up to 44 years  | 2.00%                       | 2.00%                       |
| above 44 years  | 1.00%                       | 1.00%                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(Rs. In Million)

|                                   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-----------------------------------|-----------------------------|-----------------------------|
| Discount rate increase by 1%      | (77.74)                     | (70.99)                     |
| Discount rate decrease by 1%      | 86.36                       | 79.15                       |
| Salary Growth rate increase by 1% | 86.35                       | 79.13                       |
| Salary Growth rate decrease by 1% | (77.68)                     | (70.94)                     |

### 6. Maturity Profile of Defined Benefit Obligation

|  |         |
|--|---------|
| Weighted average duration (based on discounted cash flow)              | 5 Years |
| <b>Expected cash flow over the next (valued on undiscounted basis)</b> |         |
| 1 year   | 12.15   |
| 2 to 5 year  | 49.79   |
| 6 to 10 year   | 25.01   |
| More than 10 year  | 52.18   |

### 7. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

### B. Defined Contribution Plan

The Group contributes certain percentage of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 196.41 million (previous year Rs. 158.65 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36** : The list of subsidiaries which are included in the Consolidated Financial Statements of the Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:

| Name of the Company         | Relationship | Country of Incorporation | Ownership Interest |                 |
|-----------------------------|--------------|--------------------------|--------------------|-----------------|
|                             |              |                          | 31st March 2019    | 31st March 2018 |
| Pipri Limited*              | Subsidiary   | India                    | 100.00%            | 100.00%         |
| Kanoria Africa Textiles PLC | Subsidiary   | Ethiopia                 | 84.45%             | 78.68%          |
| APAG Holding AG             | Subsidiary   | Switzerland              | 80.00%             | 100.00%         |

\*The Scheme of Amalgamation of the Company's wholly owned subsidiary, Pipri Limited with the Company with effect from 1st April, 2018 under sections 230 and 232 of the Companies Act, 2013, is pending before the Hon'ble National Company Law Tribunal (NCLT).

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at the Balance Sheet date 31st March, 2019 prepared in accordance with Swiss Standard on the Limited Review (PS 910) have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

| Name of the Company         | Relationship | Country of Incorporation | Ownership Interest |                 |
|-----------------------------|--------------|--------------------------|--------------------|-----------------|
|                             |              |                          | 31st March 2019    | 31st March 2018 |
| APAG Elektronik AG          | Subsidiary   | Switzerland              | 100%               | 100%            |
| APAG Elektronik s.r.o.      | Subsidiary   | Czech Republic           | 100%               | 100%            |
| CoSyst Control Systems GmbH | Subsidiary   | Germany                  | 100%               | 100%            |
| APAG Elektronik LLC         | Subsidiary   | US                       | 100%               | 100%            |
| APAG Elektronik Corp.       | Subsidiary   | Canada                   | 100%               | 100%            |

**37** : Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

| Name of the Enterprises                             | Net assets i.e. Total assets minus total liabilities |                        | Share in profit or loss             |                        | Share in Other Comprehensive Income             |                        | Share in total Comprehensive Income |                        |
|---|--|------------------------|-------------------------------------|------------------------|---|------------------------|-------------------------------------|------------------------|
|   | 2018-19  |                        | 2018-19                             |                        | 2018-19   |                        | 2018-19                             |                        |
|   | As % of consolidated net assets                      | Amount Rs. in millions | As % of consolidated profit or loss | Amount Rs. in millions | As % of consolidated other Comprehensive Income | Amount Rs. in millions | As % of Total Comprehensive Income  | Amount Rs. in millions |
| <b>Parent</b>                                       |  |                        |                                     |                        |   |                        |                                     |                        |
| Kanoria Chemicals & Industries Limited              | 64.91%   | 3,991.20               | 8.32%                               | 16.22                  | -38.62%   | (0.77)                 | 7.85%                               | 15.45                  |
| <b>Subsidiaries</b>                                 |  |                        |                                     |                        |   |                        |                                     |                        |
| <b>Indian</b>                                       |  |                        |                                     |                        |   |                        |                                     |                        |
| Pipri Limited                                       | 2.99%  | 183.61                 | 4.71%                               | 9.18                   | -61.38%   | (1.22)                 | 4.04%                               | 7.96                   |
| <b>Foreign</b>                                      |  |                        |                                     |                        |   |                        |                                     |                        |
| Kanoria Africa Textiles PLC                         | 14.36%   | 883.36                 | -74.74%                             | (145.72)               | -   | -                      | -73.99%                             | (145.72)               |
| APAG Holding AG (Consolidated)                      | 15.07%   | 926.84                 | -14.84%                             | (28.93)                | -   | -                      | -14.69%                             | (28.93)                |
| <b>Non controlling interest on all subsidiaries</b> | 2.67%  | 164.03                 | -23.45%                             | (45.71)                | -   | -                      | -23.21%                             | (45.71)                |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Name of the Enterprises                                 | Net assets i.e. Total assets minus total liabilities |                        | Share in profit or loss             |                        | Share in Other Comprehensive Income             |                        | Share in total Comprehensive Income |                        |
|---|--|------------------------|-------------------------------------|------------------------|---|------------------------|-------------------------------------|------------------------|
|   | 2017-18  |                        | 2017-18                             |                        | 2017-18   |                        | 2017-18                             |                        |
|   | As % of consolidated net assets                      | Amount Rs. in millions | As % of consolidated profit or loss | Amount Rs. in millions | As % of consolidated other Comprehensive Income | Amount Rs. in millions | As % of Total Comprehensive Income  | Amount Rs. in millions |
| <b>Parent</b><br>Kanoria Chemicals & Industries Limited | 75.15%   | 4,463.88               | 5.89%                               | 6.81                   | -103.18%  | (23.83)                | -18.39%                             | (17.03)                |
| <b>Subsidiaries</b>                                     |  |                        |                                     |                        |   |                        |                                     |                        |
| <b>Indian</b><br>Pipri Limited                          | 2.96%  | 175.65                 | 9.89%                               | 11.44                  | 3.18%   | 0.73                   | 13.15%                              | 12.18                  |
| <b>Foreign</b><br>Kanoria Africa Textiles PLC           | 11.28%   | 670.34                 | -52.34%                             | (60.54)                | -   | -                      | -65.40%                             | (60.54)                |
| APAG Holding AG (Consolidated)                          | 9.59%  | 569.42                 | 158.00%                             | 182.77                 | -   | -                      | 197.43%                             | 182.77                 |
| <b>Non controlling interest on all subsidiaries</b>     | 1.02%  | 60.39                  | -21.44%                             | (24.80)                | -   | -                      | -26.79%                             | (24.80)                |

### 38 : Category-wise classification of Financial Instruments

(Rs. In Million)

|  | Refer Note | Non-Current                 |                             | Current                     |                             |
|--|------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |            | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
| <b>Financial Liabilities</b>                                     |            |                             |                             |                             |                             |
| <b>Measured at amortised cost</b>                                |            |                             |                             |                             |                             |
| Trade Receivables  | 11         | -                           | -                           | 1,457.19                    | 1,376.57                    |
| Cash and cash equivalents  | 12A        | -                           | -                           | 194.46                      | 109.48                      |
| Other Bank balances  | 12B        | -                           | -                           | 261.95                      | 359.07                      |
| Loans  | 7          | 1.09                        | 0.95                        | 2.53                        | 1.33                        |
| Other Financial Assets   | 8          | 24.69                       | 19.37                       | 33.52                       | 131.83                      |
| <b>Measured at fair value through profit or loss</b>             |            |                             |                             |                             |                             |
| Investments  | 6A & B     | 362.80                      | 543.84                      | 47.76                       | 19.84                       |
| <b>Measured at fair value through other comprehensive income</b> |            |                             |                             |                             |                             |
| Investments  | 6A         | 64.62                       | 64.89                       | -                           | -                           |
| <b>Total Financial Assets</b>                                    |            | <b>453.20</b>               | <b>629.05</b>               | <b>1,997.41</b>             | <b>1,998.12</b>             |
| <b>Financial Liabilities</b>                                     |            |                             |                             |                             |                             |
| <b>Measured at amortised cost</b>                                |            |                             |                             |                             |                             |
| Borrowings   | 16         | 3,120.81                    | 2,595.01                    | 1,970.44                    | 1,804.18                    |
| Trade Payables   | 20         | -                           | -                           | 1,472.59                    | 1,284.61                    |
| Other Financial Liabilities                                      | 17         | 55.43                       | 37.93                       | 329.75                      | 273.69                      |
| <b>Measured at fair value through profit or loss</b>             |            |                             |                             |                             |                             |
| Other Financial Liabilities                                      | 17         | 3.46                        | 11.25                       | 9.66                        | 6.04                        |
| <b>Total Financial Liabilities</b>                               |            | <b>3,179.70</b>             | <b>2,644.19</b>             | <b>3,782.44</b>             | <b>3,368.52</b>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 : Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Group's financial assets and liabilities:

(Rs. In Million)

| Financial assets/financial liabilities  | Fair value hierarchy as at 31 <sup>st</sup> March 2019 |   |   | Fair value hierarchy as at 31 <sup>st</sup> March 2018 |   |   |
|---|--|---|---|--|---|---|
|   | Quoted prices in active markets (Level 1)              | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Quoted prices in active markets (Level 1)              | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial assets measured at fair value through profit or loss</b>             |  |   |   |  |   |   |
| Quoted Preference shares  | 30.00  | -                                       | -   | 58.00  | -                                       | -   |
| Quoted Mutual funds   | 104.39   | -                                       | -   | 169.58   | -                                       | -   |
| Unquoted Mutual funds   | -  | 26.71                                   | -   | -  | 19.84                                   | -   |
| Unquoted Alternate Investment funds   | -  | 249.46                                  | -   | -  | 252.75                                  | -   |
| Unquoted Equity funds   | -  | -                                       | -   | -  | 63.51                                   | -   |
| <b>Financial assets measured at fair value through other comprehensive income</b> |  |   |   |  |   |   |
| Quoted Equity Shares  | 7.58   | -                                       | -   | 6.60   | -                                       | -   |
| Unquoted Equity Shares  | -  | -                                       | 8.36                                      | -  | -                                       | 8.36                                      |
| Quoted Debentures/Bonds   | 48.68  | -                                       | -   | 49.93  | -                                       | -   |
| <b>Financial liabilities measured at fair value through profit or loss</b>        |  |   |   |  |   |   |
| Forward Exchange contract (Net)   | 13.12  | -                                       | -   | 17.29  | -                                       | -   |

#### Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

### 40 : Financial Risk Management - Objectives and Policies

The Group's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances and loans.

The Group is exposed to market risk and credit risk. The Group has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Group. The Risk management committee provides assurance to the Group's management that the Group's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### (i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

##### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Group monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures. The Group enters into forward exchange contracts against its foreign currency exposure relating to recognised underlying liabilities and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes.

##### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Million)

|  | 31 <sup>st</sup> March 2019 |         |      |         |         |        | 31 <sup>st</sup> March 2018 |         |      |         |         |        |
|--|-----------------------------|---------|------|---------|---------|--------|-----------------------------|---------|------|---------|---------|--------|
|  | USD                         | INR     | EURO | INR     | JPY     | INR    | USD                         | INR     | EURO | INR     | JPY     | INR    |
| Foreign Currency Receivable/ (Payable) (Net) | 7.04                        | 486.84  | 2.98 | 231.79  | (13.39) | (8.37) | 3.41                        | 222.12  | 2.55 | 205.69  | (12.00) | (7.38) |
| Depreciation in Indian Rupees                |                             | 5%      |      | 5%      |         | 5%     |                             | 5%      |      | 5%      |         | 5%     |
| Effect on Profit before Tax                  |                             | 24.34   |      | 11.59   |         | (0.42) |                             | 11.11   |      | 10.28   |         | (0.37) |
| Appreciation in Indian Rupees                |                             | 5%      |      | 5%      |         | 5%     |                             | 5%      |      | 5%      |         | 5%     |
| Effect on Profit before Tax                  |                             | (24.34) |      | (11.59) |         | 0.42   |                             | (11.11) |      | (10.28) |         | 0.37   |

Total hedged foreign currency payable (net)- USD 0.50 million equivalent to Rs. 34.58 million (Previous year USD 0.83 million equivalent to Rs. 54.20 million).

### (b) Commodity price risks

The Group is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Group monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures.

### Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

(Rs. In Million)

|                             | 31 <sup>st</sup> March 2019 |        | 31 <sup>st</sup> March 2018 |       |
|-----------------------------|-----------------------------|--------|-----------------------------|-------|
| Consumption of Methanol     | 2,368.57                    |        | 1,807.21                    |       |
| Price change                | +5%                         | -5%    | +5%                         | -5%   |
| Effect on Profit before Tax | (118.43)                    | 118.43 | (90.36)                     | 90.36 |

### (c) Equity price risks

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Group's management on a regular basis.

### Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares (other than that in subsidiaries), quoted preference shares, quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

(Rs. In Million)

|                             | 31 <sup>st</sup> March 2019 |         | 31 <sup>st</sup> March 2018 |         |
|-----------------------------|-----------------------------|---------|-----------------------------|---------|
| Investment                  | 332.95                      |         | 429.20                      |         |
| Price change                | +5%                         | -5%     | +5%                         | -5%     |
| Effect on Profit before Tax | 16.65                       | (16.65) | 21.46                       | (21.46) |

### (ii) Credit risks

Credit risk is the risk that counterparty will 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).

### Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

(Rs. In Million)

|   | Less than 1 year | Between 1 to 5 years | Over 5 years | Total    | Carrying value |
|---|------------------|----------------------|--------------|----------|----------------|
| <b>As at 31st March, 2019</b>               |                  |                      |              |          |                |
| Borrowings (refer note 16)                  | 1,970.44         | 1,733.56             | 1,408.06     | 5,112.06 | 5,091.25       |
| Trade payable (refer note 20)               | 1,472.59         | -                    | -            | 1,472.59 | 1,472.59       |
| Other financial liabilities (refer note 17) | 339.41           | 36.48                | 116.60       | 492.49   | 398.30         |
| <b>As at 31st March, 2018</b>               |                  |                      |              |          |                |
| Borrowings (refer note 16)                  | 1,804.18         | 1,423.99             | 1,171.02     | 4,399.19 | 4,399.19       |
| Trade payable (refer note 20)               | 1,284.61         | -                    | -            | 1,284.61 | 1,284.61       |
| Other financial liabilities (refer note 17) | 279.74           | 27.04                | 118.41       | 425.19   | 328.91         |

## 41 : Capital Management

The Group's objective when managing capital (defined as net debt and equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

## 42 : Related Party Disclosures:

(i) List of related parties and relatives with whom transaction taken place:

(Rs. In Million)

| Name of the Related Parties                         | Relationship  |
|---|---|
| 1. Vardhan Limited                                  | Holding Company   |
| 2. Mr. R. V. Kanoria - Chairman & Managing Director | Key Management Personnel (KMP)                            |
| 3. Mr. S. V. Kanoria - Whole Time Director          |   |
| 4. Mr. Amitav Kothari - Director                    |   |
| 5. Mr. H.K. Khaitan - Director                      |   |
| 6. Mr. Ravinder Nath - Director                     |   |
| 7. Mr. G. Parthasarathy - Director                  |   |
| 8. Mr. Siddharth K. Birla - Director                |   |
| 9. Mr. A. Vellayan - Director                       |   |
| 10. Mrs. M. Kanoria - Director                      |   |
| 11. Mr. A. V. Kanoria                               |   |
| 12. Mrs. V. Kanoria                                 |   |
| 13. KPL International Limited                       | Enterprise over which KMP exercises significant influence |
| 14. Kirtivardhan Finvest Services Limited           |   |
| 15. R V Investment & Dealers Limited                |   |
| 16. Kanoria Employees' Provident Fund Trust         | Post Employment Benefit Plan entity                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. In Million)

| Nature of Transaction  | 2018-19                             |                            |   |  | 2017-18                             |                            |   |  |
|--|-------------------------------------|----------------------------|---|--|-------------------------------------|----------------------------|---|--|
|  | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity | Holding/<br>Subsidiary<br>Companies | KMP/<br>Relative of<br>KMP | Enterprise<br>over which<br>KMP exercises<br>significant<br>influence | Post<br>Employment<br>Benefit<br>Plan entity |
| Dividend Paid  |                                     |                            |   |  |                                     |                            |   |  |
| Vardhan Limited  | 39.29                               | -                          | -   | -  | 39.29                               | -                          | -   | -  |
| R V Investment & Dealers Limited   | -                                   | -                          | 4.82  | -  | -                                   | -                          | 4.82  | -  |
| Kirtivardhan Finvest Services Limited  | -                                   | -                          | 1.73  | -  | -                                   | -                          | 1.73  | -  |
| Mr. R. V. Kanoria  | -                                   | 0.69                       | -   | -  | -                                   | 0.69                       | -   | -  |
| Mr. S. V. Kanoria  | -                                   | 0.83                       | -   | -  | -                                   | 0.83                       | -   | -  |
| Mr. A. Vellayan  | -                                   | 0.02                       | -   | -  | -                                   | 0.02                       | -   | -  |
| Mrs. M. Kanoria  | -                                   | 0.75                       | -   | -  | -                                   | 0.75                       | -   | -  |
| Mr. A. V. Kanoria  | -                                   | 0.65                       | -   | -  | -                                   | 0.65                       | -   | -  |
| Directors' Fees  |                                     |                            |   |  |                                     |                            |   |  |
| Mr. Amitav Kothari   | -                                   | 0.29                       | -   | -  | -                                   | 0.29                       | -   | -  |
| Mr. H.K. Khaitan   | -                                   | 0.34                       | -   | -  | -                                   | 0.36                       | -   | -  |
| Mr. Ravinder Nath  | -                                   | 0.19                       | -   | -  | -                                   | 0.19                       | -   | -  |
| Mr. G. Parthasarathy   | -                                   | 0.24                       | -   | -  | -                                   | 0.26                       | -   | -  |
| Mr. S. L. Rao  | -                                   | -                          | -   | -  | -                                   | 0.18                       | -   | -  |
| Mr. Sidharth K Birla   | -                                   | 0.17                       | -   | -  | -                                   | -                          | -   | -  |
| Mr. A. Vellayan  | -                                   | 0.10                       | -   | -  | -                                   | 0.10                       | -   | -  |
| Mrs. M. Kanoria  | -                                   | 0.21                       | -   | -  | -                                   | 0.21                       | -   | -  |
| Remuneration   |                                     |                            |   |  |                                     |                            |   |  |
| Mr. R. V. Kanoria  | -                                   | 20.85                      | -   | -  | -                                   | 18.08                      | -   | -  |
| Mr. S. V. Kanoria  | -                                   | 9.44                       | -   | -  | -                                   | 7.56                       | -   | -  |
| Mrs. V. Kanoria  | -                                   | 3.25                       | -   | -  | -                                   | 2.92                       | -   | -  |
| Mr. A. V. Kanoria  | -                                   | 26.24                      | -   | -  | -                                   | 18.26                      | -   | -  |
| Purchases of Raw Material  |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 147.98  | -  | -                                   | -                          | 156.38  | -  |
| Purchase of PPE  |                                     |                            |   |  |                                     |                            |   |  |
| Kirtivardhan Finvest Services Limited  | -                                   | -                          | 43.21   | -  | -                                   | -                          | -   | -  |
| KPL International Limited  | -                                   | -                          | 162.39  | -  | -                                   | -                          | 78.02   | -  |
| Commission Paid  |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 24.60   | -  | -                                   | -                          | 2.06  | -  |
| Rent received  |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 1.02  | -  | -                                   | -                          | 0.60  | -  |
| Contribution during the year<br>(includes Employees' share and contribution) |                                     |                            |   |  |                                     |                            |   |  |
| Kanoria Employees' Provident Fund Trust                                      | -                                   | -                          | -   | 7.19   | -                                   | -                          | -   | 6.59   |
| <b>Balances as at 31st March</b>   |                                     |                            |   |  |                                     |                            |   |  |
| Remuneration   |                                     |                            |   |  |                                     |                            |   |  |
| Mrs. V. Kanoria  | -                                   | 0.32                       | -   | -  | -                                   | 0.29                       | -   | -  |
| Creditor   |                                     |                            |   |  |                                     |                            |   |  |
| KPL International Limited  | -                                   | -                          | 85.56   | -  | -                                   | -                          | 39.90   | -  |

**43** : Figures for the previous year have been regrouped/rearranged, wherever found necessary.

### Signature to Note 1 to 43

As per our report of even date annexed  
For J K V S & CO  
(Formerly JITENDRA K AGARWAL & ASSOCIATES)  
Chartered Accountants  
Firm Registration No.318086E  
ABHISHEK MOHTA  
Partner  
Membership No. 066653  
Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

For and on behalf of the Board

AMITAV KOTHARI                      R. V. KANORIA  
Director                                  Managing Director  
(DIN:01097705)                      (DIN:00003792)

N. K. NOLKHA                      N. K. SETHIA  
Group Chief Financial Officer      Company Secretary



**FORM AOC-1: Statement containing Salient Features of Financial Statements of Subsidiary/Associates/Joint Ventures for the year ended 31st March, 2019, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014**

**PART "A" : Subsidiaries**

(Rs. In Million)

| Name of Subsidiaries                                    | Pipri Limited | Kanoria Africa Textiles Plc | APAG Holding AG (Consolidated) |
|---|---------------|-----------------------------|--------------------------------|
| Country of incorporation                                | India         | Ethiopia                    | Switzerland                    |
| The Date since when subsidiary was acquired             | 21.09.1978    | 23.07.2012                  | 02.05.2012                     |
| Principal Business Activities                           | Investments   | Textile                     | Electronic<br>Automotive       |
| Reporting Currency                                      | INR           | USD                         | CHF                            |
| Exchange Rate as on 31.3.2019                           | -             | Rs. 69.1713                 | Rs. 69.5195                    |
| (a) Equity Share Capital                                | 46.51         | 1,272.75                    | 26.07                          |
| (b) Other Equity  | 137.10        | (930.53)                    | 494.38                         |
| (c) Total Assets  | 184.82        | 3,445.98                    | 3,988.35                       |
| (d) Total Liabilities                                   | 1.21          | 3,103.76                    | 3,467.90                       |
| (e) Investments*  | 180.63        | -                           | -                              |
| (f) Turnover  | 10.00         | 1,022.67                    | 5,237.30                       |
| (g) Profit/(Loss) before Taxation                       | 9.83          | (233.95)                    | (32.17)                        |
| (h) Provision for Taxation                              | 0.65          | -                           | 14.52                          |
| (i) Profit/(Loss) after Taxation                        | 9.18          | (233.95)                    | (46.69)                        |
| (j) Other comprehensive income for the year, net of tax | (1.22)        | -                           | -                              |
| (k) Total comprehensive income for the year             | 7.96          | (233.95)                    | (46.69)                        |
| (l) Proposed Dividend                                   | -             | -                           | -                              |
| (m) % of Shareholding                                   | 100.00%       | 84.45%                      | 80.00%                         |

\* Excluding Investment in Subsidiaries

**PART "B" : Associates/Joint Ventures - Not Applicable**

For and on behalf of the Board

|  |  |
|--|--|
| AMITAV KOTHARI<br>Director<br>(DIN:01097705) | R. V. KANORIA<br>Managing Director<br>(DIN:00003792) |
|--|--|

Place: New Delhi  
Date: 27<sup>th</sup> May, 2019

|   |                                   |
|---|-----------------------------------|
| N. K. NOLKHA<br>Group Chief Financial Officer | N. K. SETHIA<br>Company Secretary |
|---|-----------------------------------|



Kanorja Chemicals  
& Industries Limited

**Registered Office**

Kanoria Chemicals & Industries Limited  
'KCI Plaza', 6th Floor,  
23-C, Ashutosh Chowdhury Avenue, Kolkata - 700 019  
Tel: +91-33-40313200  
Email: [info@kanoriachem.com](mailto:info@kanoriachem.com)



Kanoria Chemicals  
& Industries Limited

# KANORIA CHEMICALS & INDUSTRIES LIMITED

CIN: L24110WB1960PLC024910  
Registered Office: "KCI Plaza", 6th Floor, 23C, Ashutosh Chowdhury Avenue, Kolkata – 700 019  
Phone: (033) 4031 3200  
Email: investor@kanoriachem.com, Website: www.kanoriachem.com

## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Fifty Ninth Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited** will be held at **Shripati Singhanian Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 (near to Nehru Children Museum), on Wednesday, the 4th September 2019 at 2.30 P.M.** for the transaction of the following business(es):

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March 2019.
3. To appoint a Director in place of Smt. Madhuvanti Kanoria (DIN: 00142146), who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

#### 4. As a Special Resolution

**"RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Shri A. Vellayan (DIN: 00148891), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for another period of five consecutive years with effect from 4th September, 2019."

#### 5. As a Special Resolution

**"RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Shri Amitav Kothari (DIN: 01097705), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for an another period of five consecutive years with effect from 4th September, 2019."



## 6. As a Special Resolution

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Shri H. K. Khaitan (DIN: 00220049), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for another period of five consecutive years with effect from 4th September, 2019.”

## 7. As a Special Resolution

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) and 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Shri G. Parthasarathy (DIN: 00068510), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for another period of three consecutive years with effect from 4th September, 2019.”

## 8. As a Special Resolution

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) and 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Shri Ravinder Nath (DIN: 00062186), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for another period of three consecutive years with effect from 4th September, 2019.”

## 9. As an Ordinary Resolution

“**RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit and payable to M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), appointed as the Cost Auditors by the Board of Directors of the Company on the recommendation of the Audit Committee, for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2020, be and is hereby ratified and confirmed.”

“**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### Registered Office

'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May 2019

By Order of the Board of Directors

N. K. Sethia  
Company Secretary

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**The Instrument appointing the Proxy, in order to be effective, should be duly completed, stamped, dated and signed and deposited at the Registered Office of the Company or the Registrar & Share Transfer Agent, C. B. Management Services Pvt. Limited, P- 22, Bondel Road, Kolkata – 700 019, not less than 48 hours before commencement of the Annual General Meeting (AGM).

**A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A Member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder.**

The proxy holder shall prove his identity at the time of attending the Meeting.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed hereto.
3. Corporate Members are requested to send to the Company/Registrar & Share Transfer Agent, a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 / Power of Attorney authorising their representative to attend and vote at the AGM.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 29th August, 2019 to 4th September 2019 (both days inclusive), for determining the name of Members eligible for dividend on Equity Shares, if declared at the AGM.
5. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company for admission into the Meeting Hall.
6. Members who hold shares in dematerialised form are requested to furnish their Client ID and DP ID Nos. for easy identification of attendance at the Meeting.
7. Members holding shares in physical form are requested to inform the Company/Registrar & Share Transfer Agent, the changes, if any, in their address or Bank particulars so that the same can be incorporated in the Dividend Instrument and in case their shares are held in dematerialised form, this information should be furnished to their respective Depository Participants immediately.
8. Members who are holding Shares in physical form and desire to avail the facility of Electronic Credit of Dividend are requested to furnish their Bank particulars, together with a photocopy of blank cancelled cheque for verification of MICR Code, to the Company or its Registrar & Share Transfer Agent, C. B. Management Services Pvt. Limited. Members holding Shares in electronic form are requested to furnish the said information to their respective Depository Participants.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all companies are to mandatorily use the Bank Account details furnished by the Depositories for crediting dividends. Dividend will be credited to the Member's Bank Account through NECS wherever complete core banking details are available with the Company. In cases, where the core banking details are not available, dividend warrants will be issued to the Members with Bank details printed thereon as available in the Company's records.

9. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from 1st April 2019, In view of the above, Members are advised to dematerialise the shares held by them in physical form.
10. Members holding Shares of the Company in physical form through multiple folios in identical names or joint accounts in the same order of names are requested to consolidate their shareholding into single folio, by sending their original share certificates along with a request letter to consolidate their shareholding into one single folio, to the Registrar & Share Transfer Agent of the Company.



11. In all correspondence with the Company/Registrar & Share Transfer Agent, Members are requested to quote their Folio Number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID Number.
12. Dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid:
  - a) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 28th August 2019, and
  - b) in respect of shares held in electronic form, to those “deemed members” whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on 28th August 2019.
13. In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013, the unclaimed/unpaid dividend relating to financial year ended 31st March 2011 has been deposited on 28th September 2018 with the Investor Education and Protection Fund (“IEPF”) established by the Central Government.

The Company has been sending reminders to Members having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has also uploaded the details of unpaid and unclaimed dividends lying with the Company as on 13th September 2018 (date of last Annual General Meeting) on its website and on the website of the Ministry of Corporate Affairs. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (“Act”), be transferred to the Investor Education and Protection Fund (IEPF). Members who have a valid claim to any of the unpaid/unclaimed dividends are requested to correspond with the Share Department of the Company at its Registered Office.

Shares on which dividend remains unpaid/unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 (6) of the Act, and the applicable Rules. During the year 2018-19, the Company has transferred 17,972 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investor Education and Protection Fund (IEPF) Authority, as per the applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents as specified in Form IEPF-5 which is available on the website of IEPF at [www.iepf.gov.in](http://www.iepf.gov.in)

14. The Securities and Exchange Board of India (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 respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar & Share Transfer Agent of the Company.
15. Members are requested to contact the Company's Registrar & Share Transfer Agent, C. B. Management Services (P) Limited, P-22, Bondel Road, Kolkata –700 019 Phone : (033) 22806692, 40116700 for reply to their queries/redressal of complaints, if any, or contact the Company Secretary at the Registered Office of the Company (Phone: (033) 4031 3200, Email: [nksethia@kanoriachem.com](mailto:nksethia@kanoriachem.com)).
16. Members who wish to obtain any information on the Company or the Accounts for the financial year ended 31st March 2019 may send their queries to the Company Secretary at the Registered Office of the Company at least 10 working days before the AGM.
17. Pursuant to Section 72 of the Companies Act, 2013 and Rules made thereunder, Members holding shares in the physical form and desirous of making/changing nomination in respect of their shareholdings in the Company, are requested to submit the prescribed Form No. SH-13 and SH-14, as applicable for this purpose to the Company's Registrar & Share Transfer Agent.

18. Copies of the Annual Report 2018-19, Notice of the 59th AGM of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by electronic mode to all the Members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the Annual Report 2018-19, Notice of the AGM of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the permitted mode.
19. Members are requested to bring their copy of the Annual Report to the Meeting.
20. Members may note that the Notice of the 59th AGM and the Annual Report 2018-19 will also be available on the Company's website [www.kanoriachem.com](http://www.kanoriachem.com). The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 read with Rules made thereunder will be available for inspection at the AGM. Members who require communication in physical form in addition to e-communication, may write to us at [investor@kanoriachem.com](mailto:investor@kanoriachem.com)
21. All documents referred to in the accompanying notice will be open for inspection at the AGM and such documents will also be available for inspection in physical or in electronic form at the registered office and copies thereof shall also be available for inspection in physical or electronic form at the corporate office of the Company (address: Kanoria Chemicals & Industries Limited, Indra Prakash Building, 2nd Floor, 21, Barakhamba Road, New Delhi – 110 001) on any working day between 11.00 A.M. and 1.00 P.M. till the date of the Annual General Meeting.
22. Members, who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications from the Company electronically.
23. The Directors to be appointed/re-appointed at the AGM have furnished the requisite consent/declarations as required under the applicable laws.
24. Voting through Electronic Means:
- i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members, the facility to exercise their right to vote on resolutions proposed to be considered at the 59th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (“NSDL”).
  - ii. The facility for voting through Polling Paper shall be made available at the AGM and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their voting right at the Meeting through Polling Paper. The facility to vote by electronic voting system will not be provided at the AGM.
  - iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - iv. The remote e-voting period commences on 1st September 2019 (at 9.00 A. M.) and ends on 3rd September 2019 (at 5.00 P. M.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 28th August 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter and the facility shall be blocked therewith. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - v. **The details of the process and manner for remote e-voting are explained herein 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.



Details on Step 1 are mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholders' section.
3. 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.nsdl.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.

4. 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 EVEN is 101456 and folio number is 001*** then user ID is 101456001*** |

5. 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, your 'initial password' is communicated to you on your postal address.

6. 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.nsdl.com](http://www.evoting.nsdl.com)
- b. “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.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) in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, click on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

9. After you click on the “Login” button, Home page of e-Voting will open.



Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-Voting system?

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 Kanoria Chemicals & Industries Limited.
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.

#### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [kanoriachemscrutinizer@gmail.com](mailto:kanoriachemscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  2. 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.
  3. In case of any queries, you may refer to 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)
- vi. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - vii. 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. 28th August 2019.
  - viii. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. 28th August 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rta@cbmsl.com](mailto:rta@cbmsl.com) or [investor@kanoriachem.com](mailto:investor@kanoriachem.com) mentioning his/her Folio Number/DPID and Client ID. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.co.in](http://www.evoting.nsdl.co.in) or contact NSDL at the toll free no.: 1800-222-990.
  - ix. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Polling Paper.
  - x. Shri H. M. Choraria (Membership No. FCS 2398, CP No. 1499), practicing company secretary and proprietor of H. M. Choraria & Co., Kolkata has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.



- xi. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Polling Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - xii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against the proposed resolutions and provide the said Report to the Chairman or any Director authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - xiii. The Notice of the AGM shall be placed on the website of the Company and NSDL. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company [www.kanoriachem.com](http://www.kanoriachem.com) and on the website of NSDL immediately after the declaration of result by the Chairman or any Director authorized by him in writing and also shall be displayed on the notice Board of the Company at its Registered Office and Corporate Office. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.
25. Additional information, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, in respect of Smt. Madhuvanti Kanoria seeking appointment on retirement as rotational Director is given as under, while in respect of other Directors seeking appointment/re-appointment, it is provided in the Explanatory Statement:

#### **Smt. Madhuvanti Kanoria**

Smt. Madhuvanti Kanoria (DIN: 00142146), aged about 64 years is a Director of the Company with effect from 11th February 2015. She retires by rotation at the 59th Annual General Meeting of the Company under Section 152 of the Companies Act, 2013 and, being eligible, has offered herself for re-appointment as a Director of the Company.

Smt. Madhuvanti Kanoria, a graduate in Education (Hons.) from the Loreto College, Kolkata, is spouse of Shri R. V. Kanoria, Managing Director of the Company and mother of Shri S. V. Kanoria, Wholetime Director of the Company. Smt. Kanoria is a past President of the FICCI Ladies Organisation (FLO), an arm of the Federation of Indian Chambers of Commerce & Industries. She is also a past Vice Chairperson of the SAARC Chamber Women Entrepreneurs Council (SCWEC).

She has keen interest in social services and is actively associated as trustee of various social foundations engaged in empowering the girls and women through education and vocational skills and in offering need-based scholarships to underprivileged female students who have the ability and the zeal to pursue advance studies.

She attended all the four Board Meetings held during the year 2018-19.

She is the Chairperson of the Corporate Social Responsibility Committee of the Company.

She is not a Director in any other company. She holds 498,321 Equity Shares of the Company.

The Company has received intimation in Form DIR 8 from Smt. Madhuvanti Kanoria declaring that she is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013.

The appointment of Smt. Madhuvanti Kanoria as a Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, Item No. 3 of the Notice is placed for your approval. The Board recommends passing of the said resolution in the interest of the Company.

Except Smt. Madhuvanti Kanoria, Shri R. V. Kanoria, Managing Director and Shri S. V. Kanoria, Wholetime Director of the Company and their relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the appointment of Smt. Madhuvanti Kanoria as a Director of the Company.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013****Re: Item No. 4**

Shri A. Vellayan (DIN: 00148891) was appointed as a Director on the Board of the Company on 1st October, 1997. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 (“the Act”), shareholders of the Company at the 54th Annual General Meeting held on 5th September, 2014 approved the appointment of Shri A. Vellayan as an Independent Director of the Company for a period of five consecutive years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by the shareholders.

The Company has received a Notice in writing from a shareholder under Section 160 of the Act, proposing re-appointment of Shri A. Vellayan as an Independent Director of the Company.

The Company has also received intimation in Form DIR-8 from Shri A. Vellayan that he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and his consent to act as a Director.

Based on the recommendations of the Nomination and Remuneration Committee and keeping in view the expertise of Shri A. Vellayan, the Board of Directors at its meeting held on 27th May, 2019 approved the re-appointment of Shri A. Vellayan as Independent Director of the Company for another period of five consecutive years w.e.f. 4th September, 2019, not liable to retire by rotation, subject to the approval of the shareholders of the Company.

In the opinion of the Board, Shri A. Vellayan fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

Shri A. Vellayan, aged about 66 years, is Advisor of Murugappa Group. He holds diploma in Industrial Administration from the University of Aston, UK and Masters Degree in Business Studies from University of Warwick Business School, UK. Shri Vellayan has been conferred Doctor of Science (Honoris Causa) by Aston University, UK and also by the Tamil Nadu Agricultural University, Coimbatore.

He is past Executive Chairman of the Murugappa Group of Companies. In the past, he has also served as - Director of Exim Bank and Indian Overseas Bank, President - All India Cycle Manufacturers Association, International Chamber of Commerce, India, Indian Sugar Mills Association, Vice President of the Federation of Indian Export Organisation and Chairman of the Fertiliser Association of India, Delhi.

He has vast experience in the fields of finance, banking, foreign trade, management and industrial administration. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri A. Vellayan as an Independent Director of the Company.

He holds 15,000 Equity Shares of the Company. He is not related to any other Director/KMP of the Company.

He attended 2 (two) of the 4 (four) Meetings of the Board held during the year 2018-19.

He holds directorship in the following other companies:

| Name of the Company                 | Position held |
|-------------------------------------|---------------|
| Ambadi Investments Limited          | Director      |
| Roca Bathroom Products Pvt. Limited | Chairman      |
| The Fertiliser Association of India | Director      |
| CFL Mauritius Limited               | Director      |



He does not hold Committee chairmanship/ membership in other company.

Copy of the draft letter for re-appointment of Shri A. Vellayan as an Independent Director setting out the terms and conditions is available for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The re-appointment of Shri A. Vellayan as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Special Resolution set out in Item No. 4 of the Notice is placed for your approval. The Board of Directors recommends passing of the said resolution in the interest of the Company.

Except Shri A. Vellayan and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.

The above information in respect of Shri A. Vellayan may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, for his re- appointment as an Independent Director of the Company.

#### **Re: Item No. 5**

Shri Amitav Kothari (DIN: 01097705) was appointed as a Director on the Board of the Company on 5th May 2009. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), shareholders of the Company at the 54th Annual General Meeting held on 5th September, 2014 approved the appointment of Shri Amitav Kothari as an Independent Director of the Company for a period of five consecutive years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by the shareholders.

The Company has received a Notice in writing from a shareholder under Section 160 of the Act, proposing re-appointment of Shri Amitav Kothari as an Independent Director of the Company.

The Company has also received intimation in Form DIR-8 from Shri Amitav Kothari that he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and his consent to act as a Director.

Based on the recommendations of the Nomination and Remuneration Committee and keeping in view the expertise of Shri Amitav Kothari, the Board of Directors at its meeting held on 27th May, 2019 approved the re-appointment of Shri Amitav Kothari as Independent Director of the Company for another period of five consecutive years w.e.f. 4th September, 2019, not liable to retire by rotation, subject to the approval of the shareholders of the Company.

In the opinion of the Board, Shri Amitav Kothari fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

Shri Amitav Kothari is the Chairman of the Audit Committee and a Member of the Stakeholders Relationship Committee and Finance Committee of the Board of Directors of the Company.

Shri Amitav Kothari, aged about 66 years, M. Com., LL.B., FCA, FICA, FBIM (UK), is a practising Chartered Accountant and the Managing Partner of Messrs Kothari & Company, Chartered Accountants.

Presently, besides being on the Board of reputed corporate bodies, he is a Member of International Taxation Committee of the Institute of Chartered Accountants of India He is also a Life Member of the Indian Council of Arbitration, New Delhi and Fellow of the British Institute of Management. He is on the Panel of Arbitrators of the ICC Council of Arbitration, Kolkata.

In the past, he has served as - Director of Life Insurance Corporation of India (LIC) and Allahabad Bank, President of Merchants Chamber of Commerce, Kolkata, Association of Company Secretaries, Executive and Advisers, Kolkata, Member of Associated Chambers of Commerce & Industry, New Delhi (ASSOCHAM), MCC Chamber of Commerce & Industry, Kolkata (MCCI), Central Council of the Institute of Chartered Accountants of India (ICAI).

He was conferred outstanding Young Person of West Bengal Award by Indian Jaycees in the field of Law and Taxation. He is also a frequent author of articles on the topics concerning business and economic matters.

He is an expert in the fields of Banking and Financial Services, Tax Planning and Representation, Corporate Laws and Foreign Collaboration. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Amitav Kothari as an Independent Director of the Company.

He holds 4 Equity Shares of the Company. He is not related to any other Director/KMP of the Company.

He attended all the 4 (four) Meetings of the Board held during the year 2018-19.

He is also Director of the following companies:

| Name of the Company                | Position held |
|------------------------------------|---------------|
| Maharaja Shree Umaid Mills Limited | Director      |
| Kiran Vyapar Limited               | Director      |
| West Coast Paper Mills Limited     | Director      |

He holds the following Committee chairmanship/ membership in other companies:

| Name of the Company                | Name of Committee | Position held |
|------------------------------------|-------------------|---------------|
| West Coast Paper Mills Limited     | Audit Committee   | Member        |
| Maharaja Shree Umaid Mills Limited | Audit Committee   | Member        |
| Kiran Vyapar Limited               | Audit Committee   | Chairman      |

Copy of the draft letter for re-appointment of Shri Amitav Kothari as an Independent Director setting out the terms and conditions is available for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The re-appointment of Shri Amitav Kothari as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Special Resolution set out in Item No. 5 of the Notice is placed for your approval. The Board of Directors recommends passing of the said resolution in the interest of the Company.

Except Shri Amitav Kothari and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.

The above information in respect of Shri Amitav Kothari may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, for his re- appointment as an Independent Director of the Company.

#### Re: Item No. 6

Shri H. K. Khaitan (DIN: 00220049) was appointed as a Director on the Board of the Company on 9th January 1982. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), shareholders of the Company at the 54th Annual General Meeting



held on 5th September, 2014 approved the appointment of Shri H. K. Khaitan as an Independent Director of the Company for a period of five consecutive years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by the shareholders.

The Company has received a Notice in writing from a shareholder under Section 160 of the Act, proposing re-appointment of Shri H. K. Khaitan as an Independent Director of the Company.

The Company has also received intimation in Form DIR-8 from Shri H. K. Khaitan that he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and his consent to act as a Director.

Based on the recommendations of the Nomination and Remuneration Committee and keeping in view the expertise of Shri H. K. Khaitan, the Board of Directors at its meeting held on 27th May, 2019 approved the re-appointment of Shri H. K. Khaitan as Independent Director of the Company for another period of five consecutive years w.e.f. 4th September, 2019, not liable to retire by rotation, subject to the approval of the shareholders of the Company.

In the opinion of the Board, Shri H. K. Khaitan fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

He is the Chairman of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Member of the Audit Committee, Corporate Social Responsibility Committee and Finance Committee of the Board of Directors of the Company

Shri H. K. Khaitan, aged about 65 years, is a Commerce Graduate. He has vast experience and knowledge in the administration of industrial enterprises in India and abroad. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri H. K. Khaitan as an Independent Director of the Company.

He holds 100 Equity Shares of the Company. He is not related to any other Director/KMP of the Company.

He attended all the 4 (four) Meetings of the Board held during the year 2018-19.

He is the Director of the following companies:

| Name of the Company                   | Position Held     |
|---------------------------------------|-------------------|
| Steel Products Limited                | Managing Director |
| India Carbon Limited                  | Director          |
| Kirtivardhan Finvest Services Limited | Director          |
| Hind Petrofilament Pvt. Limited       | Director          |
| Parichay Management Pvt. Limited      | Director          |
| Gangotri Tradelink Pvt. Limited       | Director          |

He holds the following Committee chairmanship/ membership in other companies:

| Name of the Company    | Name of Committee                     | Position Held |
|------------------------|---------------------------------------|---------------|
| India Carbon Limited   | Audit Committee                       | Member        |
|                        | Stakeholders Relationship Committee   | Chairman      |
|                        | Nomination and Remuneration Committee | Member        |
|                        | Share Transfer Committee              | Member        |
| Steel Products Limited | Audit Committee                       | Member        |

Copy of the draft letter for re-appointment of Shri H. K. Khaitan as an Independent Director setting out the terms and conditions is available for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The re-appointment of Shri H. K. Khaitan as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Special Resolution set out in Item No. 6 of the Notice is placed for your approval. The Board of Directors recommends passing of the said resolution in the interest of the Company.

Except Shri H. K. Khaitan and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.

The above information in respect of Shri H. K. Khaitan may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, for his re- appointment as an Independent Director of the Company.

#### **Re: Item No. 7**

Shri G. Parthasarathy (DIN:00068510) was appointed as a Director on the Board of the Company on 14th May 2003. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), shareholders of the Company at the 54th Annual General Meeting held on 5th September, 2014 approved the appointment of Shri G. Parthasarathy as an Independent Director of the Company for a period of five consecutive years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by the shareholders.

The Company has received a Notice in writing from a shareholder under Section 160 of the Act, proposing re-appointment of Shri G. Parthasarathy as an Independent Director of the Company.

The Company has also received intimation in Form DIR-8 from Shri G. Parthasarathy that he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and his consent to act as a Director.

Based on the recommendations of the Nomination and Remuneration Committee and keeping in view the expertise of Shri G. Parthasarathy, the Board of Directors at its meeting held on 27th May, 2019 approved the re-appointment of Shri G. Parthasarathy as Independent Director of the Company for another period of three consecutive years w.e.f. 4th September, 2019, not liable to retire by rotation, subject to the approval of the shareholders of the Company.

In the opinion of the Board, Shri G. Parthasarathy fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

Shri G. Parthasarathy is a Member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri G. Parthasarathy, aged about 79 years, is a retired Government Officer in Indian Foreign Service. He has graduated with a B.E. Degree in Electrical Engineering from the College of Engineering, Guindy, Madras in 1962. He has vast experience in the fields of administration and public relations.

Shri Parthasarathy is presently President of the India Habitat Centre, New Delhi and Research Professor in the Centre for Policy Research in New Delhi. He is also a member of the Executive Committee of the Centre for Air Power Studies in New Delhi. Shri Parthasarathy is a widely read Columnist, writing for a number of newspapers and news agencies in India and abroad, on foreign policy and national security issues. He is on the Panel of Experts from India for Track 2 Dialogue with ASEAN and a Director in the India-Sri Lanka Foundation. He is also a member of the Indian Delegation to the high-level Indo-U.S. Strategic Dialogue organized in collaboration with the Aspen Institute in the USA. He is also the Chancellor of the Central University of Jammu.



In the past, Shri Parthasarathy has served in Indian Missions abroad as Second/First Secretary, Embassy of India, Moscow, Deputy High Commissioner to Tanzania, Counsellor (Political and Press), Embassy of India, Washington D.C. and Consul General of India, Karachi. He has also served as High Commissioner of India to Cyprus, Ambassador of India to Myanmar, High Commissioner of India to Australia and High Commissioner of India to Pakistan. Shri Parthasarathy was the Deputy Secretary in the Foreign Secretary's Office in New Delhi and has also served as Spokesman, Ministry of External Affairs and Information Adviser and Spokesman in the Prime Minister's Office with the then Prime Minister Shri Rajiv Gandhi.

In view of his vast experience, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri G. Parthasarathy as an Independent Director of the Company.

He holds 1 Equity Share of the Company. He is not related to any other Director/KMP of the Company.

He attended all the 4 (four) Meetings of the Board held during the year 2018-19.

He is a Director of DHFL Pramerica Asset Managers Pvt. Limited. He does not hold Committee membership in any other company.

Copy of the draft letter for re-appointment of Shri G. Parthasarathy as an Independent Director setting out the terms and conditions is available for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The re-appointment of Shri G. Parthasarathy as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Further, since he is above 75 years of age, special resolution is required for his re-appointment as such, as per the applicable provisions of the Listing Regulations. Hence, the Special Resolution set out in Item No. 7 of the Notice is placed for your approval. The Board of Directors recommends passing of the said resolution in the interest of the Company.

Except Shri G. Parthasarathy and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.

The above information in respect of Shri G. Parthasarathy may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, for his re- appointment as an Independent Director of the Company.

#### **Re: Item No. 8**

Shri Ravinder Nath (DIN:00062186) was appointed as a Director on the Board of the Company on 26th April 2002. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), shareholders of the Company at the 54th Annual General Meeting held on 5th September, 2014 approved the appointment of Shri Ravinder Nath as an Independent Director of the Company for a period of five consecutive years w.e.f. 5th September, 2014 up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019. As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by the shareholders.

The Company has received a Notice in writing from a shareholder under Section 160 of the Act, proposing re-appointment of Shri Ravinder Nath as an Independent Director of the Company.

The Company has also received intimation in Form DIR-8 from Shri Ravinder Nath that he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and his consent to act as a Director.

Based on the recommendations of the Nomination and Remuneration Committee and keeping in view the expertise of Shri Ravinder Nath, the Board of Directors at its meeting held on 27th May, 2019 approved the re-appointment of Shri Ravinder Nath as Independent Director of the Company for another period of three consecutive years w.e.f. 4th September, 2019, not liable to retire by rotation, subject to the approval of the shareholders of the Company.



In the opinion of the Board, Shri Ravinder Nath fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

He is a Member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri Ravinder Nath, aged about 74 years, is an Advocate of The Supreme Court of India and a Partner of one of the India's leading legal firms, Rajinder Narain & Co., also called RNC legal. He studied B.Com. (Hons.), LLB at Delhi; International and Comparative Laws at King's College, London, and PIL at Harvard and was apprenticed at Sinclair Roche and Temperley, London. He brings rich and specialised experience of nearly 50 years in Corporate and Commercial law, Asset Finance and Cross Border issues. He was recognised several times by Euro money and others as leading Lawyer in the fields of Mergers & Acquisitions and Aviation Laws. He is regularly listed as a leading lawyer in Who's Who and Legal 500. The Bar Association of India has conferred its highest honour on him.

In view of his vast experience in varied fields, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Ravinder Nath as an Independent Director of the Company.

He holds 100 Equity Shares of the Company. He is not related to any other Director/KMP of the Company.

He attended 3 (three) of the 4 (four) Meetings of the Board held during the year 2018-19.

He is the Director of the following companies:

| Name of the Company                      | Position Held |
|--|---------------|
| Hero MotoCorp Limited                    | Director      |
| Somany Ceramics Limited                  | Director      |
| Voith Paper Fabrics India Limited        | Director      |
| Kadimi Construction Pvt. Limited         | Director      |
| Jay Dee Ess Leasing Company Pvt. Limited | Director      |
| Knowcross Solutions Pvt. Limited         | Director      |
| Geeztek Solutions Pvt. Limited           | Director      |
| Lego India Pvt. Limited                  | Director      |

He holds the following Committee chairmanship/ membership in other companies:

| Name of the Company               | Name of Committee                         | Position Held |
|-----------------------------------|---|---------------|
| Voith Paper Fabrics India Limited | Stakeholders Relationship Committee       | Chairman      |
|                                   | Audit Committee                           | Member        |
| Somany Ceramics Limited           | Corporate Social Responsibility Committee | Member        |
| Hero MotoCorp Limited             | Stakeholders Relationship Committee       | Member        |
|                                   | Nomination and Remuneration Committee     | Member        |
|                                   | Risk Management Committee                 | Member        |

Copy of the draft letter for re-appointment of Shri Ravinder Nath as an Independent Director setting out the terms and conditions is available for inspection by the shareholders at the Registered Office of the Company on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The re-appointment of Shri Ravinder Nath as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Further, since he will be above 75 years of age during his term of re-appointment as such, special resolution is required as per the applicable provisions of the Listing Regulations. Hence, the Special Resolution set out in Item No. 8 of the Notice is placed for your approval. The Board of Directors recommends passing of the said resolution in the interest of the Company.

Except Shri Ravinder Nath and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.



The above information in respect of Shri Ravinder Nath may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) of ICSI, for his re- appointment as an Independent Director of the Company.

**Re: Item No. 9**

The Board of Directors, on the recommendation of the Audit Committee, has considered and approved the appointment of M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2020 at a remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit.

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, the Ordinary Resolution set out as Item No. 9 of the Notice is placed for ratification of the remuneration of the Cost Auditors in terms of Section 148 of the Companies Act, 2013. The Board of Directors recommends passing of the said resolution in the interest of the Company.

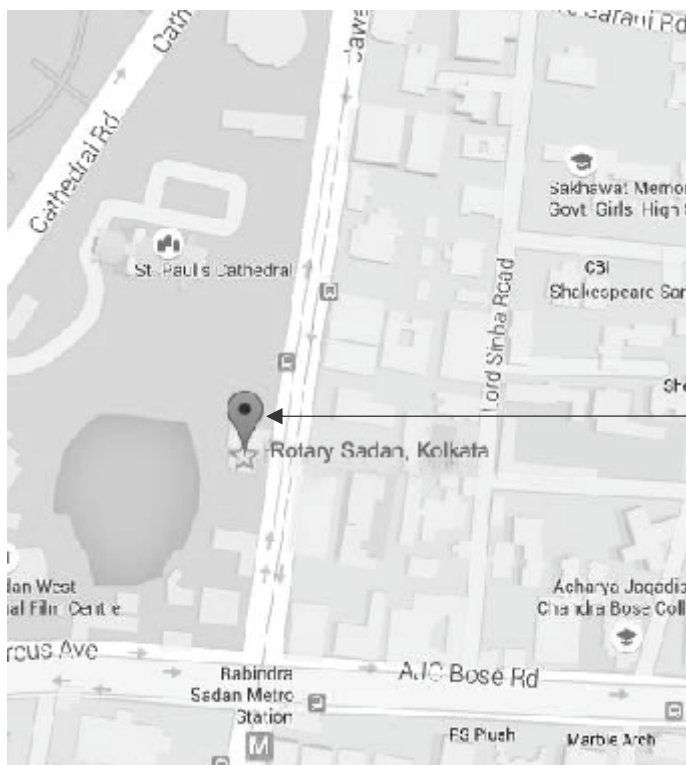
None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way concerned or interested, whether financially or otherwise, in the proposed Resolution.

**Registered Office**  
'KCI Plaza'  
23C, Ashutosh Chowdhury Avenue  
Kolkata-700 019  
Date: 27th May 2019

By Order of the Board of Directors

N. K. Sethia  
Company Secretary

**MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING**



**'Shripati Singhanian Hall',  
Rotary Sadan  
94/2 Chowringhee Road  
Kolkata- 700 020**



Kanoria Chemicals  
& Industries Limited

# PROXY FORM

## Form No.MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24110WB1960PLC024910  
 Name of the Company : KANORIA CHEMICALS & INDUSTRIES LIMITED  
 Registered Office : 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata - 700 019

Name of the Member (s) :  
 Registered Address :  
 E-mail Id :  
 Folio / DP ID & Client ID No. :

I/We, being the member(s), holding .....Shares of the above named company, hereby appoint

- Name: ..... Address:.....  
 E-mail Id:..... Signature:....., or failing him
- Name: ..... Address:.....  
 E-mail Id:..... Signature:....., or failing him
- Name: ..... Address:.....  
 E-mail Id:..... Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 59th Annual General Meeting of the Company, to be held on Wednesday, the 4th September 2019 at 2.30 P.M. at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road (near to Nehru Children Museum), Kolkata - 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No.           | Resolutions  |
|--------------------------|--|
| <b>Ordinary Business</b> |  |
| 1.                       | Adoption of the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2019 and the Reports of the Board of Directors and Auditors thereon. |
| 2.                       | Declaration of Dividend on Equity Shares for the financial year ended 31st March 2019.   |
| 3.                       | Appointment of a Director in place of Smt. Madhuvanti Kanoria (DIN: 00142146), who retires by rotation and, being eligible, offers herself for re-appointment.   |
| <b>Special Business</b>  |  |
| 4.                       | <b>Special Resolution:</b> Re-appointment of Shri A. Vellayan (DIN: 00148891) as an Independent Director for another period of five consecutive years with effect from 4th September, 2019.                                |
| 5.                       | <b>Special Resolution:</b> Re-appointment of Shri Amitav Kothari (DIN: 01097705) as an Independent Director for another period of five consecutive years with effect from 4th September, 2019.                             |
| 6.                       | <b>Special Resolution:</b> Re-appointment of Shri H. K. Khaitan (DIN: 00220049) as an Independent Director for another period of five consecutive years with effect from 4th September, 2019.                              |
| 7.                       | <b>Special Resolution:</b> Re-appointment of Shri G. Parthasarathy (DIN: 00068510) as an Independent Director for another period of three consecutive years with effect from 4th September, 2019.                          |
| 8.                       | <b>Special Resolution:</b> Re-appointment of Shri Ravinder Nath (DIN: 00062186) as an Independent Director for another period of three consecutive years with effect from 4th September, 2019.                             |
| 9.                       | Ratification of remuneration of the Cost Auditors for the financial year 2019-20.  |

Signed this.....day of.....2019

Signature of Shareholder(s) .....

Signature of Proxy holder(s) .....



Note: This form of proxy in order to be effective should be duly completed, stamped, dated and signed and deposited at the Registered Office of the Company/Registrar & Share Transfer Agent, C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata-700 019, not less than 48 hours before the commencement of the Annual General Meeting.



**KANORIA CHEMICALS & INDUSTRIES LIMITED**

CIN: L24110WB1960PLC024910

Registered Office: "KCI Plaza", 23C, Ashutosh Chowdhury Avenue, Kolkata – 700 019

Phone: (033) 4031 3200

email: [investor@kanoriachem.com](mailto:investor@kanoriachem.com) Website: [www.kanoriachem.com](http://www.kanoriachem.com)

**59<sup>th</sup> Annual General Meeting**

**ATTENDANCE SLIP**

|                                      |  |
|--------------------------------------|--|
| 1. Name(s) of Member(s) :            |  |
| Including joint holders, if any      |  |
| 2. Registered address of the Sole/ : |  |
| First named Member                   |  |
| 3. DP ID No. & Client ID No./ :      |  |
| Registered Folio No.                 |  |
| 4. No. of Shares held :              |  |

I hereby record my presence at the **59<sup>th</sup> Annual General Meeting** of the Company being held at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road (near to Nehru Children Museum), Kolkata - 700 020, on Wednesday, the 4<sup>th</sup> September 2019 at 2.30 P. M.

Signature of the Shareholder/Proxy present .....

**Notes :**

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip and handover the same duly signed at the entrance of the meeting hall.
2. **PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING**

---

**ELECTRONIC VOTING**

Remote Electronic voting (Remote e-voting) facility is being provided in respect of the Resolutions proposed at the 59<sup>th</sup> AGM, in accordance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please see **Note No. 24** to the Notice dated 27<sup>th</sup> May, 2019 convening the AGM for the procedure with respect to e-voting.

Your remote e-voting user ID and password are provided below:

| <b>Remote e-voting Event Number<br/>(EVEN)</b> | <b>User ID</b> | <b>Password</b> |
|--|----------------|-----------------|
|  |                |                 |

**Note:** The remote e-voting period commences on 1<sup>st</sup> September 2019 (at 9.00 A. M.) and ends on 3<sup>rd</sup> September 2019 (at 5.00 P. M.).