



KANORIA CHEMICALS & INDUSTRIES LIMITED

Registered Office :
KCI Plaza, 6th Floor
23C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Tel : +91-33-4031-3200
CIN : L24110WB1960PLC024910
E-mail : calal@kanoriachem.com
Website : www.kanoriachem.com

KC-13/

20th August, 2020

The Manager-Listing **Symbol: KANORICHEM**
National Stock Exchange of India Ltd
"Exchange Plaza", Plot No.C/1, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 0S1

BSE Limited **Security Code No. 50 6525**
Corporate Relationship Dept.,
Rotunda Building, P.J.Towers
Dalal Street, Fort,
Mumbai – 400 001

Dear Sir/s,

Sub: Annual Report for F.Y. 2019-20 and 60th Annual General Meeting Notice

We are attaching herewith the Annual Report for the year 2019-20 along with the Notice of the 60th Annual General Meeting of the Company. The 60th Annual General Meeting of the Company will be held on Tuesday, the 15th September, 2020 at 11.00 A. M., through Video Conference/Other Audio Visual Means.

The Annual Report along with the AGM Notice is being sent only through the electronic mode to the Shareholders of the Company at their e-mail addresses registered with the Company/Depository Participant(s).

This is for your records.

Thanking you,

Yours sincerely,
For Kanoria Chemicals & Industries Limited

N. K. Sethia
Company Secretary
Email: nksethia@kanoriachem.com
Mobile: 9830833287

Encl.: as above



Kanoria Chemicals
& Industries Limited



ANNUAL REPORT

2019-20

ANNUAL REPORT 2019-20

Registered Office

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

Corporate Office

Indra Prakash, 21, Barakhamba Road
New Delhi – 110 001
Phone: +91-11-43579200

Company Secretary

N.K. Sethia

Group Chief Financial Officer

N. K. Nolkha

Auditors

J K V S & CO
5 - A, Nandlal Jew Road
Kolkata - 700 026

Bankers

DBS Bank Limited
HDFC Bank Limited
Yes Bank Limited

Registrar & Share Transfer Agent

C B Management Services (P) Limited
P-22, Bondel Road, Kolkata – 700 019
Phone: +91-33-40116700
Email: rta@cbmsl.com



BOARD OF DIRECTORS



Mr. R.V. Kanoria
Chairman & Managing Director



Mr. Sidharth K. Birla
Non-executive Independent Director



Mrs. M. Kanoria
Non-executive Non-Independent Director



Mr. H.K. Khaitan
Non-executive Independent Director



Mr. Amitav Kothari
Non-executive Independent Director



Mr. Ravinder Nath
Non-executive Independent Director



Mr. G. Parthasarathy
Non-executive Independent Director



Mr. A. Vellayan
Non-executive Independent Director



Mr. S.V. Kanoria
Wholtime Director



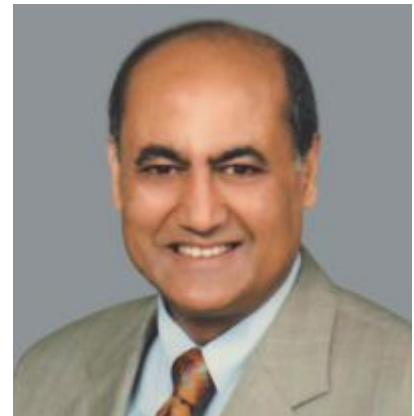
**Safety is as simple as
ABC - Always Be Careful**

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT	03
THE YEAR IN REVIEW	04
VALUE	09
DIRECTORS' REPORT	11
REPORT ON CORPORATE GOVERNANCE	33
GENERAL SHAREHOLDERS' INFORMATION	44
INDEPENDENT AUDITORS' REPORT	51
BALANCE SHEET	58
STATEMENT OF PROFIT & LOSS	59
STATEMENT OF CHANGES IN EQUITY	60
CASH FLOW STATEMENT	61
INDEPENDENT AUDITORS' CONSOLIDATED REPORT	96
CONSOLIDATED BALANCE SHEET	100
CONSOLIDATED STATEMENT OF PROFIT & LOSS	101
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	102
CONSOLIDATED CASH FLOW STATEMENT	103



CHAIRMAN'S STATEMENT



It has been a very unusual and unprecedented year for the World. The outbreak of the COVID-19 pandemic has caught the entire global population completely unprepared. Economies have been disrupted and the very way of living life and running of businesses is going to be very different from what we have been used to.

Naturally, India has not been left unscathed. The Indian GDP is forecasted to contract significantly for the current financial year that is 2020-21. Widespread dislocation and unemployment will lead to distress and, I fear also likely to impact law and order in as much as poverty and the absence of means to a living might drive desperation.

In this environment, I would have liked to see the Government taking risks beyond its usual concern for fiscal discipline and credit rating and take emboldened steps to make adequate direct transfers of cash to the needy. In fact, making possible the mechanisms for such transfers to happen seamlessly are one of the major successes of this Government. Such a step would have addressed the concerns for immediate demand stimulation instead of which the Government chose to address policy reforms which, though necessary in the long run, are not in my opinion the antidote for the economy at this time. The response of many countries to the economic fallout of the pandemic has been much more realistic and bold.

Notwithstanding the Government's tentative response to the economy, the early lockdown postponed the proliferation of the pandemic in India giving the State Governments the opportunity to scale up healthcare to combat the increase in positive cases of COVID-19. The result is that mortality rate in the country has been contained. There is much hope that antidotes to the virus and the availability of a prophylactic vaccine will soon be available. Even so the sheer magnitude of demand and the constraints on capacity to produce will mean that it shall be quite a while before the global population gets insulated from the dangers of contracting this disease.

As a Company, capital investment not only in the Alco chemical business in India but also in its overseas subsidiaries are proving to be

inopportune as we are today suddenly faced with major disruptions in demand and inadequate capacity utilization. Uncertainty is the only certainty today and as we battle with the impact of this pandemic, I can at least say that as I write this statement, green shoots are visible.

Clear focus on value addition, product development and cost-efficient production are helping the Alco chemical business of the Company in tiding over the present crisis. All the plants at Ankleshwar, Vizag and Naidupet (commissioned in October 2019) are conscious of maintaining the highest levels of efficiency with a keen eye on cost optimization.

The automotive industry has been undergoing structural changes which have impacted the electronic components manufacturing activities of APAG Holding AG, the Company's subsidiary in Switzerland that conducts its business through APAGCoSyst Electronic Control Systems. Despite the pandemic, there are signs of recovery and strategic initiatives to reorient the business together with major steps on cost reduction, are proving to be very successful.

The denim business of the Company through its subsidiary Kanoria Africa Textiles Plc. is also now stabilized and reached a point where financial drain has been arrested. Bottlenecks in production have been corrected with balancing equipment and the foray into garmenting is significantly contributing to both the top line and bottom line.

After a year of sub-optimal profitability, we are now faced with a year of total unpredictability. Our endeavor to maintain the highest levels of efficiency, cost optimization, product development, strategic reorientation and adherence to values should hold us in good stead and face these unprecedented challenges. I am cautiously optimistic.

R. V. Kanoria
Chairman & Managing Director

THE YEAR IN REVIEW

Year 2019-20 ended in an unprecedented manner. The outbreak of the Corona Virus (COVID-19) pandemic has impacted human lives and economies the world over, posing unknown challenges. The changes forced on people and businesses by the pandemic are likely endure and established ways of doing business will give way to entirely new ways of working. We in KCI are striving to manage the immediate challenges of re-establishing normalcy in business operations. Constant vigil on costs, good governance, ethical business practices and sustainable policies have helped us in doing so. We are assessing the long-term implications and opportunities emerging from this challenging situation. The Company's assessments and prospects outlined hereunder are to be read in the context of the evolving and ever-changing situation.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance with respect to Operational Performance

The performance of the Company during the year under review remained under pressure on account of volatility in the key raw material prices, dumping of certain finished goods produced by the Company and finally outbreak of the pandemic and consequent lockdown of economic activities in the country.

The Revenue from Operations decreased by 20% from Rs. 4,475 million in



Plant at Ankleshwar, Gujarat

the previous year to Rs. 3,597 million in the current financial year. EBITDA decreased from Rs. 409 million to Rs. 269 million in the year under review. Consequently, the Company incurred a Net Loss of Rs. 8 million during 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 maintain its market as a result of strategic initiatives taken in its various group companies. The Revenue from this segment remained largely in sync with the previous year at Rs. 5,160 million as against Rs. 5,220 million in the previous financial year. APAG CoSyst Group incurred a net loss of Rs. 220 million during the year as against a loss of Rs. 47 million in the previous financial year. A large part of the loss relates to higher incidence of non cash depreciation and amortisation due to expansion in its existing setup and commissioning of a new plant in Canada during the year under review.

Kanoria Africa Textiles plc (KAT), another foreign subsidiary of the Company based in Ethiopia improved its performance and efficiency. The Revenue from this segment increased by 26% from Rs. 1,023 million in the previous year to Rs. 1,290 million in the current financial year. KAT incurred a loss of Rs. 87 million during the year as against loss of Rs. 234 million in the previous financial year.

The Consolidated Revenue from Operations decreased by 6% to Rs. 10,047 million as against Rs. 10,717 million in the previous financial year. The Group's EBITDA decreased from Rs. 759 million to Rs. 500 million in the year under review. Consequently, the Group incurred a Net Loss of Rs. 315 million during the current financial year.

Key Financial Ratios

	2019-20	2018-19
Debtors Turnover	5.77	7.09
Inventory Turnover	6.56	15.81
Interest Coverage Ratio	2.80	8.36
Current Ratio	1.13	1.33
Debt Equity Ratio	0.11	0.10
Operating Profit Margin (%)	1.94%	5.94%
Net Profit Margin (%)	-0.21%	1.86%
Return on Net Worth	-0.13%	1.39%

While almost all the ratios had an adverse impact due to outbreak of COVID-19 and consequent lockdown of economic activities, certain specific reasons for major variances are given below:

1. Inventory Turnover was adversely affected due to a significant amount of raw material and finished goods inventory remaining in transit or in the plants during lockdown.
2. Interest Coverage Ratio was lower primarily on account of new borrowings for setting up a new plant at Naidupet as well as meeting the requirement of the company's subsidiaries. Reduction in EBITDA.
3. Operating Profit and consequently Net Profit margins were adversely impacted due to volatility in the key raw material prices and dumping by way of imports of certain finished products of the Company. Net Profit Margin was further affected due to higher incidence of finance cost and depreciation.
4. The Return on Net Worth was negative due to Net Loss incurred by the Company.

Alco Chemicals Segment

Industry structure and development

The Alco Chemicals Division of the Company produces Formaldehyde, 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 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 collaborative agreements 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's new Formaldehyde plant at Naidupet in the state of Andhra Pradesh has started operations from October 2019 and is under stabilisation. This has enabled the Company to cater to markets in Southern India where new manufacturing capacities of end user industries are coming up. Due to the high cost of transportation, the Company was earlier, able to service Formaldehyde customers, only in the Western region (from its Ankleshwar plant) and Eastern region (from its 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 which the Company is focussing on. Considering the success achieved till now, the Company is considering expanding capacity.
- Technology infusion and implementation of business excellence initiatives to further increase production and reduce costs. The Company has established an "Improvement Cell" to continuously work on improvement initiatives.
- The Company has also formed a new "Product Development Cell" which has started work on developing new value-added products.
- The Company's Ankleshwar unit has received permission from the Indian Chemical Council (ICC) to use Responsible Care Logo ("RC Logo") from March 2020. We now stand one among the prestigious 64 Chemical companies across India which has been awarded with this recognition. RC Logo is an initiative voluntarily undertaken by chemical companies worldwide to address public concerns about manufacturing, distribution and use of chemicals, all having common theme of making progress towards vision of no accidents, injuries or harm to environment.

Threats

- Inordinate fluctuations in Methanol and Phenol prices could affect margins.

- Cheaper imports of Pentaerythritol or Hexamine could reduce margins.
- The uncertainty of the evolution of the pandemic and its consequent impact on our operations and on the demand for our products.

Performance

- The operations of the Alco Chemicals Division remained stable during the year. Production and sales volume of products of the Division were similar to the previous year despite significant economic slowdown in the year and countrywide lockdown due to COVID-19 towards the end of the year.

Outlook

- This countrywide lockdown for prolonged period due to outbreak of COVID-19 has impacted the economy very severely. Operations at our plants were under suspension from 24th March 2020 to mid-May 2020 due to lockdown. Considering the outlook for demand and availability of workforce, we are operating the plants at lower capacities. With the frequent changing scenario of COVID-19, it is difficult to assess the future impact of the pandemic on business operations. We are reasonably confident of our ability to tide over crisis.
- The Government's focus on infrastructure and affordable housing should result in increasing overall demand for Formaldehyde, Pentaerythritol, Hexamine and Phenolic resins.
- The estimates for production and revenues for the current year are lower over the previous year primarily due to impact of COVID -19.



Plant at Vishakhapatnam, Andhra Pradesh

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 since 2012 in the generation of power from solar energy using Photo Voltaic (PV) technology. The 5.0 MW capacity plant was set up under the Renewable Energy Certificate (REC) scheme. 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.

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 the Hon'ble Supreme Court. Although trading has resumed since 2018, further growth in the sector will depend on government policy and judicious regulation.

The state Government has not extended the Power Purchase Agreement beyond 31st March 2019 and the same is being contested by us in the Hon'ble High Court of 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.

Threats

- Power Purchase Agreement with Discom was not renewed by Discom during the year under consideration.
- Downward revision of prices of Renewable Energy Certificates will lower revenues.

Performance

- The operation of the Solar Power Division was partly affected due to breakdown of Inverter and tracking system. Thus generation was lower during the year. The generation has since improved after rectification of tracking system.

Outlook

- Operation of the Division is expected to improve.

QUALITY ACCREDITATION AND OHSAS

The 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. These units also received RC 14001:2015 certification for responsible care management systems. The Company's Ankleshwar unit has also received permission from Indian Chemical Council (ICC) to use Responsible Care Logo (RC Logo).

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:

- Prolonged limited economic activities due to COVID-19 would severely hamper demand of our product in domestic and International markets.
- Cheap imports and dumping by other countries threaten 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.
- Non extension of Power Purchase Agreement and reduction of REC price by the Central Electricity Regulatory Commission (CERC) are areas of concern for the Company's solar power business.



Solar Panels, Bap-Rajasthan

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 as at the end of the year was 400.



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.

SUBSIDIARIES PERFORMANCE AND OUTLOOK

Textiles Segment

The Company's integrated denim manufacturing unit in Ethiopia, Africa operates through its subsidiary company Kanoria Africa Textiles plc ("KAT") incorporated in Ethiopia.

KAT has shown improved performance during the year. Its garment division, started recently, has had a positive impact on its top line and bottom line. Efficient production of garments is contingent upon training the workforce and is expected to reach the desired efficiency level by the end of the current year. The bottle necks in fabric production has been removed with addition of required balancing equipment.

KAT has been able to overcome most of its initial challenges. It has recruited a large number of local graduate engineer trainees who are being trained to be future managers. This has made possible the reduction of almost 40% expats thus saving costs. Workers skill development has shown positive signs in improving efficiency, reducing labour turnover and in reducing absenteeism.

Ethiopia is seen as the next textile hub for supply of textiles and apparel to the US and EU markets. Ethiopia enjoys duty free access to the US under African Growth & Opportunity Act (AGOA), to EU under Everything But Arms (EBA) and to many other countries as it has Least Developed Country (LDC)

status. The dedicated government is proactively working to promote textile as priority sector and many foreign investors from Asia and Europe are investing in Ethiopia. Many multinational fashion and apparel brands have opened their offices for sourcing in Ethiopia.

Electronics Automotive Segment

The performance of the Switzerland based subsidiary of the Company, APAG Holding AG, doing business as APAGCoSyst Electronic Control Systems had started reflecting the upswing in the global automotive sector in the last quarter of the financial year 2019-20. It was then, however, once again negatively impacted by the COVID-19 crisis which stifled demand in the last couple of months.

APAGCoSyst is engaged in the development and production of non-core lighting and electronic control units primarily for the automotive industry, with some contract manufacturing presence also in the precision industrial equipment sector. With growing forecast uncertainty in the automotive industry given the slow shift in propulsion technology to electricity, APAGCoSyst is diversifying the final automotive OEMs and models served (ensuring that both fossil fuel and electric vehicles are covered in its portfolio) to balance risk. Moreover, building on its high-quality profile and development prowess, APAGCoSyst has taken steps to be certified as a technology and component supplier for the medical industry within the next fiscal year. This will further diversify its portfolio and open a new, trending industry for long-term growth.



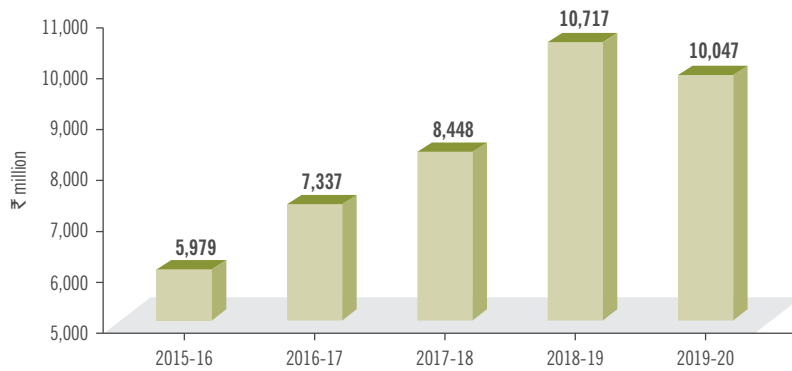
Kanoria Africa Textiles Plc. - Ethiopia, Africa



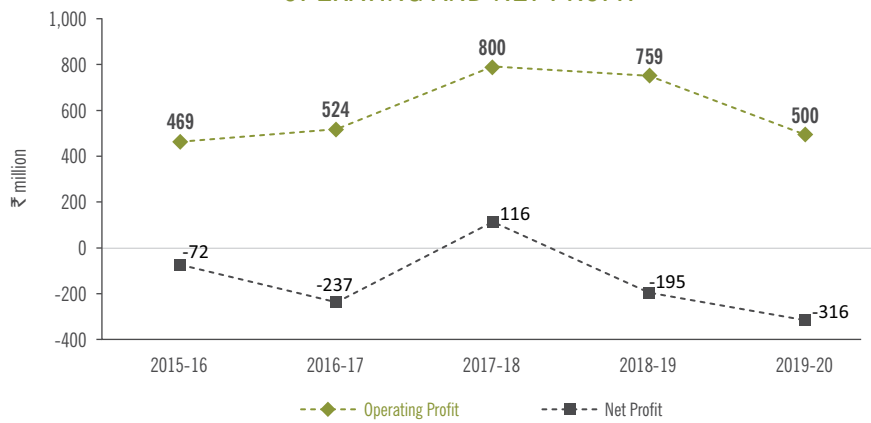
APAG Facility - Czech Republic

I VALUE

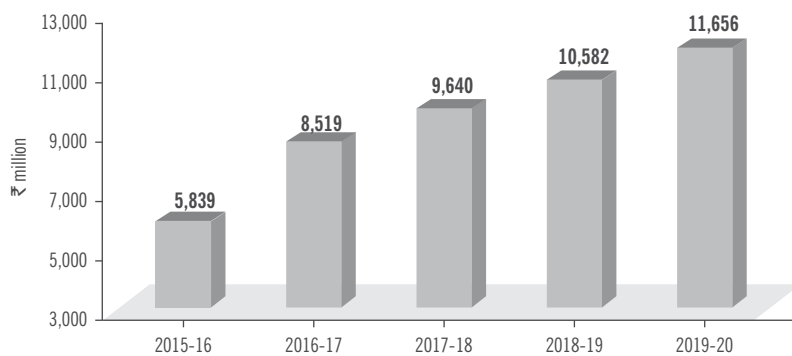
REVENUE FROM OPERATIONS



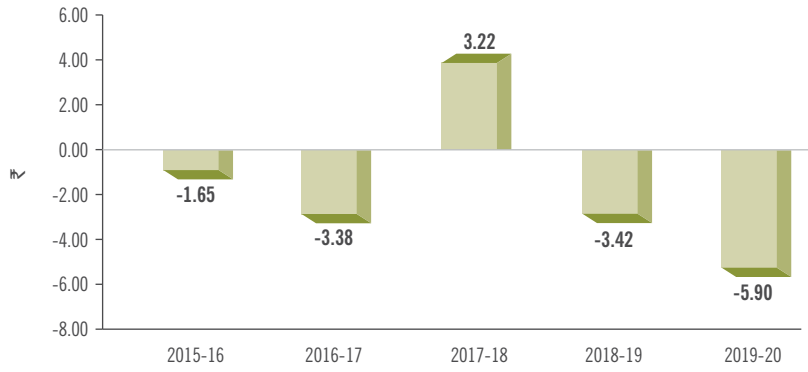
OPERATING AND NET PROFIT



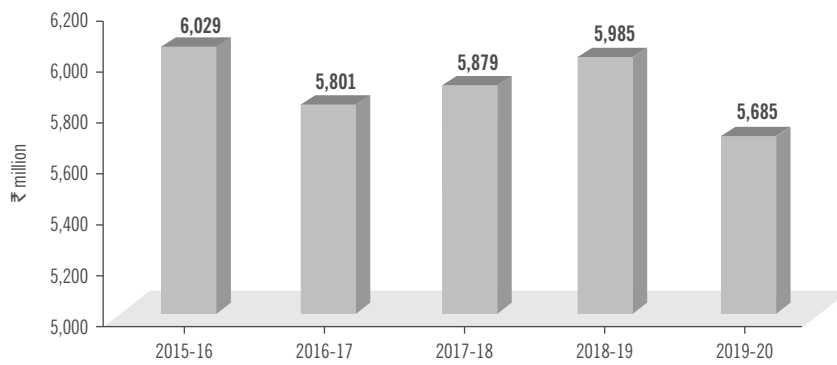
GROSS BLOCK



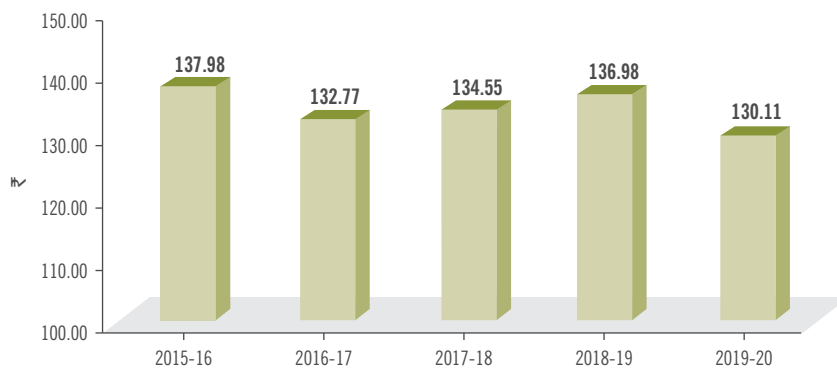
EARNING PER SHARE



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 Sixtieth Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2020.

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 section titled 'The Year in Review'. 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 2020 is summarised below:

(Rs. in million)

Particulars	2019-2020	2018-2019
Total Income	3,796.22	4,618.20
Profit before Depreciation & Amortisation, Finance Cost, Tax and Exceptional items	268.60	409.08
Depreciation and Amortisation	211.46	200.54
Finance Costs	121.40	64.18
Exceptional items	-	28.00
Profit/(Loss) before Tax	(64.26)	116.36
Tax expenses	(56.10)	30.68
Profit/(Loss) for the year	(8.16)	85.68
Other Comprehensive income for the year, net of tax	(14.18)	(1.99)
Total Comprehensive income for the year	(22.34)	83.69

STATE OF COMPANY'S AFFAIRS

During the year under review, the Company's plants at Ankleshwar and Vizag continued to run efficiently despite 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 products have helped the Company withstand the pressures of the market.

The resin business continues to perform well, and our focus is on product development and further penetration in the market. Considering the significant improvement in capacity utilization, we are contemplating to expand our manufacture of Resins.

The Company has commissioned its Formaldehyde plant at Naidupet, Andhra Pradesh from October 2019.

Our plants operations were under suspension from 24th March 2020 to mid-May 2020 due to outbreak of novel Corona Virus ("COVID-19"). It has affected the business operations of the Company by way of interruption in production, supply chain, loss of product demand, cash flow and availability of manpower. Essential services, however, at plants such as safeguarding the premises, maintaining critical equipment were continued with permission from relevant government authorities during the lockdown period. Most of the units in these plants have now restarted manufacturing operations gradually after obtaining necessary permissions from concerned State Government Authorities. Considering the demand, outlook and availability of workforce, we are operating the plants at lower capacities. With the frequently changing scenario of COVID-19, however at this juncture, it is difficult to assess the overall impact of the pandemic on the business operations. We are reasonably confident of being able to navigate through this crisis. Much depends on the support from Government and banks.

In solar power segment, the operation was impacted during the year due to breakdown of Inverter and tracking system, leading to lower generation. The generation has since improved after rectification of tracking system.

No material changes and commitments have occurred after the close of the financial year 2019-20 till the date of this Report, which affect the financial position of the Company.

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

DIVIDEND

The Board of Directors has not recommended any dividend on the Equity Shares of the Company for the financial year ended 31st March 2020.

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the financial year ended 31st March 2020.

CREDIT RATINGS

Care Ratings Limited has revised the rating for the long-term bank facilities of the Company as CARE A (Single A) from the existing rating of CARE A+ (Single A Plus) and rating for the short-term bank facilities as CARE A1 (A One) from the existing rating of CARE A1+ (A One Plus).

The Company has withdrawn the rating earlier assigned to its Commercial Paper by CARE Ratings Limited.

CONSOLIDATED FINANCIAL STATEMENT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and provisions of the Companies Act, 2013 (“Act”), the audited Consolidated Financial Statement for the year ended 31st March 2020 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 Act 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 59th AGM of the Company held on 4th September 2019, the shareholders have re-appointed Shri A. Vellayan (DIN: 00148891), Shri Amitav Kothari, (DIN: 01097705) and Shri H. K. Khaitan (DIN: 00220049) as Independent Directors not liable to retire by rotation, for a period of 5 (five) consecutive years with effect from 4th September 2019 and also re-appointed Shri G. Parthasarathy (DIN: 00068510) and Shri Ravinder Nath (DIN: 00062186) as Independent Directors not liable to retire by rotation, for a period of 3 (three) consecutive years with effect from 4th September 2019.

As declared by them, 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.

The Company has received declaration from Shri A. Vellayan, Shri Amitav Kothari, Shri H. K. Khaitan, Shri Sidharth Kumar Birla, Shri G. Parthasarathy and Shri Ravinder Nath confirming they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the Listing Regulations.

In the opinion of the Board, the said Directors fulfil the conditions for appointment/continuation as Independent Directors as specified in the Act and the Listing Regulations and they are also independent of the Management.

Shri S. V. Kanoria (DIN: 02097441) retires by rotation at the ensuing AGM under the applicable provisions of the Act and being eligible, offers himself for 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 Director seeking appointment is given in the AGM Notice of the Company.

STATEMENT OF INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs at Manesar (IICA). As per the provisions of the relevant rules, all the Independent Directors of the Company are exempted from the online proficiency self-assessment test conducted by the IICA. In the opinion of the Board, the Independent Directors of the Company have vast experience, expertise and integrity and their continued association would be of immense benefit to the Company.

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, 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. No action was required to be taken on the previous year's observations and also no action is required to be taken on this year's observations.

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: <http://www.kanoriachem.com/images/FamiPro.pdf>.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2019-20, the Company held 4 (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. 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. 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.

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 Act.

During the year, the Company has spent Rs. 0.95 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

SUBSIDIARIES

Pipri Limited, the wholly owned subsidiary of the Company was amalgamated with the Company, vide Order dated 2nd September, 2019 passed by the Hon'ble National Company Law Tribunal (NCLT), sanctioning the 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.

APAG Holding AG, Switzerland ("APAG") and Kanoria Africa Textiles Plc, Ethiopia ("KAT") are subsidiaries of the Company. 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.

The performance of the Switzerland based subsidiary of the Company, APAG Holding AG, doing business as APAGCoSyst Electronic Control Systems had started reflecting the upswing in the global automotive sector in the last quarter of the financial year 2019-20. It was then, however, once again negatively impacted by the COVID-19 crisis which stifled demand in the last couple of months.

Due to uncertainty in the automotive industry as a result of shift in propulsion technology to electricity, APAGCoSyst is diversifying the final automotive OEMs and models served (ensuring that both fossil fuel and electric vehicles are covered in its portfolio) to balance risk. With its high-quality profile and development prowess, APAGCoSyst has taken steps to be certified as a technology and component supplier for the medical industry within the next fiscal year. This will further diversify its portfolio and open a new, trending industry for long-term growth.

Kanoria Africa Textiles plc in Ethiopia ("KAT") has shown improved performance during the year. Its garment division, which has started recently, is showing promising results. However, garmenting being a new business, it would take time in reaching the desired skill level by the operators. It is expected to reach the desired efficiency level by the end of the current year.

With textile parks in Ethiopia becoming operational, KAT has new markets to supply denim fabric. Many multinational fashion and apparel brands have also opened their offices for sourcing in Ethiopia.

A report on the 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, LOANS, 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 Act are given in the Note Nos. 6 and 39 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.

During the financial year, there was no contract entered into with any person or entity belonging to the Promoter/Promoter Group which holds 10% or more shareholding in the Company.

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>.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

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 Act and the Listing Regulations, 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 of the Company may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/WBP.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 2020 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 Act, 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 Act.

The Auditors' Report for the financial year ended 31st March 2020 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 Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

COST AUDITORS

Pursuant to Section 148 of the Act, 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 2021, 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 Act 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 2019-20. The Secretarial Audit Report for the financial year 2019-20 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 Act 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 Act 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. We have also got permission from Indian Chemical Council (ICC) to use Responsible Care Logo (RC Logo) for our Ankleshwar unit.

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. In view of outbreak of COVID-19, all the employees are given training on the safe practices such as social distancing, usage of masks, personal hygiene, and sanitization.

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 internal and external 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 2020, 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 2020 and of the loss 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: 17th June, 2020

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. 46.94 million
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 0.94 million
5.	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year;	Rs. 0.95 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 (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
1)	Providing Quality Education in Rural School	Promotion of Education	1) Local Area Visakhapatnam 2) Parvada Mandal Visakhapatnam Andhra Pradesh	Rs. 0.56 Million	Direct Expenditure Rs. 0.56 Million	Rs. 0.56 Million	Through implementing agency: M V Foundation, Secunderabad
2)	Providing Quality Education in Rural School	Promotion of Education	1) Local Area Visakhapatnam 2) Parvada Mandal Visakhapatnam Andhra Pradesh	Rs. 0.02 Million	Direct Expenditure Rs. 0.02 Million	Rs. 0.02 Million	Through implementing agency: M V Foundation, Secunderabad
3)	Ensuring Quality Education in Rural School	Promotion of Education	1) Local Area Visakhapatnam 2) Parvada Mandal Visakhapatnam Andhra Pradesh	Rs. 0.37 Million	Direct Expenditure Rs. 0.37 Million	Rs. 0.37 Million	Through implementing agency: M V Foundation, Secunderabad
	Total			Rs. 0.95 Million	Rs. 0.95 Million	Rs. 0.95 Million	

6.	Details of implementing agencies	CSR projects are undertaken through NGO, M. V. Foundation, Secunderabad,
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: 17th June, 2020

Madhuvanti Kanoria
Chairperson, CSR Committee
DIN:00142146

For and on behalf of the Board,

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 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L24110WB1960PLC024910
(ii)	Registration Date	17.12.1960
(iii)	Name of the Company	KANORIA CHEMICALS & 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", 6 TH FLOOR 23C, ASHUTOSH CHOWDHURY AVENUE KOLKATA - 700019 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 P-22, BONDEL ROAD, KOLKATA - 700019 PHONE : (033) 40116700, 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	43.12
2	Pentaerithritol	20119	22.67
3	Hexamine	20119	15.38

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 KCI Plaza, 7 th Floor 23C, Ashutosh Chowdhury Avenue Kolkata- 700 019	U14293WB1947PLC015833	Holding	59.94%	2(46)
2	APAG Holding AG Zentrum Staldenbach 13 8808 Pfäffikon Switzerland		Foreign Subsidiary	80.00%	2(87)
3	APAG Elektronik AG Zentrum Staldenbach 13 8808 Pfäffikon Switzerland		Wholly owned subsidiary of APAG Holding AG	-	2(87)
4	APAG Elektronik s.r.o. U Panasonicu 396 Stare Cvice, 530 06 Pardubice Czech Republic		Wholly owned subsidiary of APAG Holding AG	-	2(87)
5	CoSyst Control Systems GmbH Martin-Albert - Str. 1, 90491 Nürnberg Germany		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	APAG Elektronik LLC 32030 Edward Street, Madison Heights, MI 48071, United States		Wholly owned subsidiary of APAG Holding AG	-	2(87)
7	APAG Elektronik Corp. 3505 Rhodes Drive, Windsor, N8W 5B3 - Ontario, Canada		Wholly owned subsidiary of APAG Holding AG	-	2(87)
8	Kanoria Africa Textiles PLC Kirkos Sub City, Woreda 08, House No. 206B, Nega City Mall, Kazancis, Addis Abada, 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 (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
(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		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
Sub-total (A) (1)	32,084,285	0	32,084,285	73.43	32,084,285	0	32,084,285	73.43	0.00
(2) FOREIGN									
(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
Sub-total (A) (2)	434,739	0	434,739	0.99	434,739	0	434,739	0.99	0.00
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	32,519,024	0	32,519,024	74.43	32,519,024	0	32,519,024	74.43	0.00
B. PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds	2,700	26,400	29,100	0.07	2,700	26,400	29,100	0.07	0.00
(b) Banks / FI	47,919	1,125	49,044	0.11	2,100	1,125	3,225	0.01	(0.10)
(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	0	0	0	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
Sub-total (B) (1)	52,619	45,525	98,144	0.22	4,800	45,525	50,325	0.12	(0.10)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) NON - INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	1,217,541	37,278	1,254,819	2.87	1,019,464	37,278	1,056,742	2.42	(0.45)
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal capital upto Rs. 1 lakh	7,534,848	298,999	7,833,847	17.93	7,787,409	264,670	8,052,079	18.43	0.50
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,459,403	30,000	1,489,403	3.41	1,460,702	30,000	1,490,702	3.41	0.00
(c) Any Other (Specify)									
NRI	264,399	21,945	286,344	0.66	258,450	21,945	280,395	0.64	(0.02)
Clearing Members	14,574	0	14,574	0.03	32,403	0	32,403	0.07	0.04
Trust	100	0	100	0.00	100	0	100	0.00	0.00
Other Directors & Relatives	15,229	1	15,230	0.03	15,229	1	15,230	0.03	0.00
Investor Education and Protection Fund	130,818	0	130,818	0.30	184,909	0	184,909	0.42	0.12
Unclaimed Suspense A/c	51,030	0	51,030	0.12	11,424	0	11,424	0.03	(0.09)
Sub-total (B) (2)	10,687,942	388,223	11,076,165	25.35	10,770,090	353,894	11,123,984	25.45	0.10
Total Public Shareholding (B) = (B) (1) + (B) (2)	10,740,561	433,748	11,174,309	25.57	10,774,890	399,419	11,174,309	25.57	0.00
C. SHARES HELD BY CUSTODIANS FOR GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A + B + C)	43,259,585	433,748	43,693,333	100.00	43,293,914	399,419	43,693,333	100.00	0.00

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			% 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
	Total	32,519,024	74.43	0.00	32,519,024	74.43	0.00	0.00

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (As on 31.03.2020)	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	At the beginning of the year	32,519,024	74.43		
2	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			
3	At the end of the year	32,519,024	74.43	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 (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
1	Chartered Finance & Leasing Ltd.	350,000 350,000	0.80 0.80	01.04.2019 31.03.2020		NIL movement during the year	350,000	0.80
2	Pradeep Kumar Saraf*	6,841	0.02	01.04.2019				
				05.04.2019	7,545	Transfer	14,386	0.03
				17.05.2019	6,098	Transfer	20,484	0.05
				24.05.2019	9,678	Transfer	30,162	0.07
				31.05.2019	-15,000	Transfer	15,162	0.03
				07.06.2019	-9,455	Transfer	5,707	0.01
				29.06.2019	35,792	Transfer	41,499	0.09
				02.08.2019	82,803	Transfer	124,302	0.28
				20.09.2019	23,860	Transfer	148,162	0.34
				30.09.2019	15,730	Transfer	163,892	0.38
				11.10.2019	14,692	Transfer	178,584	0.41
				18.10.2019	13,712	Transfer	192,296	0.44
				25.10.2019	71	Transfer	192,367	0.44
				06.12.2019	200	Transfer	192,567	0.44
				13.12.2019	1,352	Transfer	193,919	0.44
				20.12.2019	3,195	Transfer	197,114	0.45
				27.12.2019	4,871	Transfer	201,985	0.46
				03.01.2020	-5,000	Transfer	196,985	0.45
				17.01.2020	-5,000	Transfer	191,985	0.44
				24.01.2020	-5,000	Transfer	186,985	0.43
				13.03.2020	1,053	Transfer	188,038	0.43
		188,038	0.43	31.03.2020			188,038	0.43
3	Sanjeev Bubna	169,757 169,757	0.39 0.39	01.04.2019 31.03.2020		NIL movement during the year	169,757	0.39
4	Monet Securities Private Ltd	154,758 154,758	0.35 0.35	01.04.2019 31.03.2020		NIL movement during the year	154,758	0.35
5	Prabhala Srinivas	134,400 134,400	0.31 0.31	01.04.2019 31.03.2020		NIL movement during the year	134,400	0.31
6	Anantroop Financial Advisory Services Private Limited	100,000 100,000	0.23 0.23	01.04.2019 31.03.2020		NIL movement during the year	100,000	0.23
7	Panna K Mehta	90,000 90,000	0.21 0.21	01.04.2019 31.03.2020		NIL movement during the year	90,000	0.21
8	G Shankar	56,758	0.13	01.04.2019				
				19.04.2019	1,000	Transfer	57,758	0.13
				26.04.2019	1,600	Transfer	59,358	0.14
		59,358	0.14	31.03.2020			59,358	0.14

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04. 2019)/ end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
9	Manju Saraf*	6,182	0.01	01.04.2019				
				10.05.2019	6,025	Transfer	12,207	0.03
				17.05.2019	4,551	Transfer	16,758	0.04
				24.05.2019	3,277	Transfer	20,035	0.05
				14.06.2019	1,730	Transfer	21,765	0.05
				19.07.2019	1,462	Transfer	23,227	0.05
				02.08.2019	12,725	Transfer	35,952	0.08
				20.09.2019	-10,000	Transfer	25,952	0.06
				30.09.2019	5,137	Transfer	31,089	0.07
				04.10.2019	2,343	Transfer	33,432	0.08
				11.10.2019	897	Transfer	34,329	0.08
				18.10.2019	4,692	Transfer	39,021	0.09
				22.11.2019	20,000	Transfer	59,021	0.14
				31.03.2020	59,021	0.14	59,021	0.14
10	Superna Dhawan*	45,000	0.10	01.04.2019				
				09.08.2019	2,000	Transfer	47,000	0.11
				16.08.2019	-2,000	Transfer	45,000	0.10
				17.01.2020	5,000	Transfer	50,000	0.11
				24.01.2020	5,000	Transfer	55,000	0.13
				31.03.2020	55,000	0.13	55,000	0.13
11	Poonam Arora**	192,073	0.44	01.04.2019				
				31.05.2019	-83,851	Transfer	108,222	0.25
				07.06.2019	-88,356	Transfer	19,866	0.05
				14.06.2019	-19,866	Transfer	0.00	0.00
				31.03.2020	0	0.00	0.00	0.00
12	Narender Kumar Arora**	141,558	0.32	01.04.2019				
				17.05.2019	787	Transfer	142,345	0.33
				31.05.2019	-98,294	Transfer	44,051	0.10
				07.06.2019	-18,132	Transfer	25,919	0.06
				14.06.2019	-17,383	Transfer	8,536	0.02
				06.07.2019	-8,536	Transfer	0.00	0.00
				31.03.2020	0	0.00	0.00	0.00
				13	IL and FS Securities Services Limited**	59,191	0.14	01.04.2019
05.04.2019	-21,481	Transfer	37,710					0.09
12.04.2019	-4,550	Transfer	33,160					0.08
19.04.2019	-500	Transfer	32,660					0.07
26.04.2019	-4,101	Transfer	28,559					0.07
10.05.2019	-2,050	Transfer	26,509					0.06
17.05.2019	1,500	Transfer	28,009					0.06
24.05.2019	8,105	Transfer	36,114					0.08
31.05.2019	-1,500	Transfer	34,614					0.08
14.06.2019	-21,109	Transfer	13,505					0.03
28.06.2019	-3,854	Transfer	9,651					0.02
05.07.2019	-6,251	Transfer	3,400					0.01
12.07.2019	-3,100	Transfer	300					0.00
13.12.2019	8,643	Transfer	8,943					0.02
20.12.2019	-7,061	Transfer	1,882					0.00
27.12.2019	-1,882	Transfer	0					0.00
31.03.2020	0	0.00	0.00	0.00				

* Not in the list of Top 10 shareholders as on 1.4.2019. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 31.3.2020.

** Ceased to be in the list of Top 10 shareholders as on 31.3.2020. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 1.4.2019. 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 (01.04.2019 to 31.03.2020)	
		No. of Shares at the beginning (01.04. 2019) / end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
A) DIRECTORS								
1	R V Kanoria	461,481 461,481	1.06 1.06	01.04.2019 31.03.2020	0	NIL movement during the year	461,481	1.06
2	Amitav Kothari	4 4	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	4	0.00
3	H K Khaitan	100 100	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	100	0.00
4	A Vellayan	15,000 15,000	0.03 0.03	01.04.2019 31.03.2020	0	NIL movement during the year	15,000	0.03
5	Ravinder Nath	100 100	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	100	0.00
6	Sidharth Kumar Birla	25 25	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	25	0.00
7	G Parthasarathy	1 1	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	1	0.00
8	S V Kanoria	556,440 556,440	1.27 1.27	01.04.2019 31.03.2020	0	NIL movement during the year	556,440	1.27
9	Madhuvanti Kanoria	498,321 498,321	1.14 1.14	01.04.2019 31.03.2020	0	NIL movement during the year	498,321	1.14
B) KEY MANAGERIAL PERSONNEL (KMP)								
1	N K Nolkha	1,500 1,500	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	1,500	0.00
2	N K Sethia	0 0	0.00 0.00	01.04.2019 31.03.2020	0	NIL movement during the year	0	0.00

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 (01.04.2019)				
(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
Total (i + ii + iii)	1,219.01	0	0	1,219.01
Change in indebtedness during the financial year				
a) Addition (Net)	0	265.36	0	265.36
b) Reduction (Net)	(25.72)	0	0	(25.72)
Net Change	(25.72)	265.36	0	239.64
Indebtedness at the end of the financial year (31.03.2020)				
(i) Principal Amount	1,183.65	265.00	0	1,448.65
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	9.64	0.36	0	10.00
Total (i + ii + iii)	1,193.29	265.36	0	1,458.65

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	19.36	9.68	29.04
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.36	0.30	0.66
	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)	1.45	0.73	2.18
	Total (A)	21.17	10.71	31.88
	Ceiling as per the Act	#		

There was Net Loss of Rs. 32.43 million for the year ended 31st March, 2020, as per the Section 198 of the Companies Act, 2013. As such, the remuneration has been paid as per the provisions of the Schedule V to the Companies Act, 2013, as approved by the Shareholders.

B) Remuneration to Other Directors

1. Independent Directors

Particulars of Remuneration	Name of Directors						Total Amount
	Amitav Kothari	H K Khaitan	Ravinder Nath	G Pathasarathy	Sidharth Kumar Birla	A Vellayan	
Fees for attending Board/committee meetings	0.28	0.33	0.12	0.24	0.21	0.20	1.38
Commission	0	0	0	0	0	0	0
Other, Please specify	0	0	0	0	0	0	0
Total (B) (1)	0.28	0.33	0.12	0.24	0.21	0.20	1.38

2. Other Non Executive Directors

(Rs. in million)

Particulars of Remuneration	Name of Director	Total Amount
	Madhuvanti Kanoria	
Fees for attending board/committee meeting	0.16	0.16
Commission	0	0
Other, Please specify	0	0
Total (B) (2)	0.16	0.16
Total (B) = (B1) + (B2)		1.54
Total Managerial Remuneration (A + B)		33.42
Overall Ceiling as per the Act		#

There was Net Loss of Rs. 32.43 million for the year ended 31st March, 2020, as per the Section 198 of the Companies Act, 2013. As such, the remuneration has been paid as per the Schedule V and other applicable provisions of the Companies Act, 2013, as approved by the Shareholders.

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

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			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	6.66	2.84	9.50
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.32	0.15	0.47
	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)	0.40	0.18	0.58
	Total (C)	7.38	3.17	10.55

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: 17th June, 2020

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, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration 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 - A, 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, 2019 to March 31, 2020 (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/ Act, 2013") 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/LODR");
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 read with Petroleum Rules, 2002;
- b. Poison Act, 1919;
- c. Indian Explosives Act, 1884 read with the Explosives Rules, 2008;
- d. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
- e. The Energy Conservation Act, 2001;
- f. The Electricity Act, 2003 alongwith Indian Electricity Rules, 1956.

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. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same has taken place with very limited physical access in view of the prevailing lockdown due to the outbreak of COVID-19.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
6. 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;
7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
8. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
9. 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 further report that:

During the Audit Period, 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:

1. Shifting of Registered Office of the Company

During the Audit Period, the Company has shifted its Registered Office from "Park Plaza", South Block, 7th Floor, 71 Park Street, Kolkata – 700 016 to "KCI Plaza", 6th Floor, 23C, Ashutosh Chowdhury Avenue, Kolkata – 700 019 with effect from 20th April, 2019. Requisite filing in e-Form INC-22 was made in this regard within the prescribed time.

2. Approval of the Scheme of Amalgamation between the Company and Pipri Ltd., a wholly-owned subsidiary of the Company

The National Company Law Tribunal (NCLT), Kolkata Bench, vide its Order dated 2nd September, 2019, has approved the Scheme of Amalgamation of Pipri Limited, wholly owned subsidiary of the Company with the Company with effect from 1st April, 2018. The Company has duly filed the Order with the MCA in e-Form INC-28.

Further, the financial statements of the Company for the financial year 2018-19 has been recast in order to give effect to the aforesaid Scheme.

For Vinod Kothari & Company
Practising Company Secretaries

Munmi Phukon
(Partner)

Membership No.A60355

C P No.: 22846

UDIN: A060355B000348071

Place: Kolkata

Date: 17th June, 2020

LIST OF DOCUMENTS

ANNEXURE- A

The following documents have been provided to us in electronic and/or in physical mode on account of lockdown due to COVID-19:

1. Minutes of the following meetings (final draft of minutes)
 - a. Board Meeting;
 - b. Audit Committee;
 - c. Nomination and Remuneration Committee;
 - d. Stakeholders Relationship Committee;
 - e. Corporate Social Responsibility Committee;
 - f. Finance Committee;
 - g. Annual General Meeting;
2. Annual Report 2018-19;
3. Disclosures under Act, 2013 and those under Listing Regulations on sample basis;
4. Policies framed under Act, 2013 and Listing Regulations;
5. Forms and returns filed with the ROC, RBI (under FEMA) on sample basis;
6. Compliance Report obtained by the Company on a sample basis;
7. Disclosures under SEBI (Prohibition of Insider Trading) Regulations, 2015 made to the stock exchange
8. Disclosures under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 made to the stock exchange.

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 2019-20:

- Modification of Cooling Tower to improve the cooling performance and reduction of power consumption in CT fans.
- Replacement of Methanol Feed pump with energy efficient pump to reduce power consumption.
- Replacement of horizontal Jockey pump with energy efficient pump to reduce power consumption.
- Regulation of raw material concentration to reduce steam consumption.
- Installation of VFD and LED Lights for energy saving.

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

(iii) The capital investment on energy conservation equipments: Rs. 1.32 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) Details of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(iv) The expenditure incurred on Research and Development:

(Rs. in million)	
Capital Expenditure	1.04
Revenue Expenditure	1.50

(C) Foreign Exchange Earnings and Outgo

(Rs. in million)	
Foreign Exchange earned in terms of actual inflows during the year	154.37
Foreign Exchange outgo in terms of actual outflows during the year	786.24

Registered Office

'KCI Plaza'
23C, Ashutosh Chowdhury Avenue
Kolkata-700 019
Date: 17th June, 2020

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 2019-20	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2019-20
1	Shri R.V. Kanoria	Chairman & Managing Director	59.58	1.37
2	Shri S. V. Kanoria	Wholetime Director	30.06	13.01
3	Shri Amitav Kothari	Non-Executive Independent Director	0.79	(3.45)
4	Shri H.K. Khaitan	Non-Executive Independent Director	0.93	(2.94)
5	Shri Ravinder Nath	Non-Executive Independent Director	0.34	(36.84)
6	Shri G. Parthasarathy	Non-Executive Independent Director	0.68	-
7	Shri Sidharth Kumar Birla	Non-Executive Independent Director	0.59	23.53
8	Shri A. Vellayan	Non-Executive Independent Director	0.56	100.00
9	Smt. Madhuvanti Kanoria	Non-Executive Non-Independent Director	0.44	(26.19)
10	Shri N.K. Nolkha	Group Chief Financial Officer		11.08
11	Shri N.K. Sethia	Company Secretary		9.71

Notes: No Director other than the Chairman & Managing Director and Whole time Director received any remuneration except the sitting fees during the financial years 2018-19 and 2019-20.

2. The number of permanent employees as on 31st March, 2020 was 400.
3. Compared to the year 2018-19, the figures for the year 2019-20 reflects that:
- (i) Median remuneration of the employees increased by 4.56%.
 - (ii) Average remuneration of the employees increased by 3.73%.
 - (iii) Average remuneration of the employees excluding Key Managerial Personnel increased by 6.04% and average remuneration of Key Managerial Personnel increased by 6.36%.

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 (65 Years)	Chairman & Managing Director	21,135,772	B.Sc., MBA (Hons) (46 Years)	10.01.1983	-
2.	S. V. Kanoria (38 Years)	Wholetime Director	10,664,820	MS in Computer Science (16 Years)	21.08.2006	Morgan Stanley, USA
3.	Ranjeet Singh (51 Years)	Chief Executive-Chemicals Business	10,313,020	B. Sc. (Chemistry), MBA – Marketing (27 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
4.	N. K. Nolkha (53 Years)	Group Chief Financial Officer	7,405,120	B. Com (Hons), ACA (32 Years)	02.04.1991	G. R. Magnets Limited
5.	Arun Kumar Agarwal ⁴ (61 years)	Chief Executive-Chemicals Business	4,630,199 ¹	B.Com (Hons), FCA, ACS (38 Years)	01.10.1990	Jayshree Tea & Industries Limited
6.	Shanker Banerjee (58 Years)	Vice President (Resin Business)	4,499,136	Bachelor of Engineering and MBA (37 Years)	01.11.2018	SI Group
7.	Saili Gupta ⁴ (43 Years)	Business Head – Soya Division	4,253,577 ²	M. Tech, PGDBA – Marketing & Operations (21 Years)	16.04.2018	Khyati Foods Pvt. Limited
8.	Vaidehi Kanoria ⁴ (36 Years)	General Manager – Human Resource	4,052,063 ³	B.Sc. (Economics) (12 Years)	21.09.2010	Gallery Espace Art
9.	Balaji Venkataraman (41 Years)	Vice President (Works)	3,599,486	M. Sc. (Chemical) (19 Years)	26.02.2018	Akzo Nobel India Limited
10.	Sanjay Kumar Ojha (48 Years)	Unit Head	3,571,348	B.E. (Mechanical) (23 Years)	11.06.2007	United Phosphorus Limited

The figures are on mercantile basis.

⁴ For part of the year.

¹ Includes Rs. 4,575,865/- towards retirement/superannuation benefits.

² Includes Rs. 484,950/- towards notice period pay.

³ Includes Rs. 1,253,423/- towards retirement benefits.

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: 17th June, 2020

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 2020 consisted of 9 (nine) Directors including 7 (seven) Non-executive Directors out of which 6 (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 46 years of industrial, managerial, administrative and commercial experience. Shri S. V. Kanoria, an MS in Computer Science having 16 years work experience, is the Wholetime Director of the Company.

During the year under review, the Board met 4 (four) times; on 27th May 2019, 9th August 2019, 14th November 2019 and 12th February 2020.

The composition of the Board, Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2020 by each Director in the companies including this Company are as under:

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Chairmanship ²	Committee Membership ²
Executive Directors					
Shri R.V. Kanoria (DIN: 00003792)	Nestle India Limited	Non-executive Independent Director	8	2	4
	J K Paper Limited	Non-executive Independent Director			
	Ludlow Jute & Specialties Limited	Non-executive Non-Independent Director			
Shri S. V. Kanoria (DIN: 02097441)	None	NA	5	-	1

Name of Director	Name of the other Indian listed company where directorship held	Category of Directors	Directorship ¹ (Including in Indian listed companies)	Committee Chairmanship ²	Committee Membership ²
Non-Executive Non-Independent Director					
Smt. Madhuvanti Kanoria (DIN: 00142146)	None	NA	1	-	-
Non-Executive Independent Directors					
Shri Amitav Kothari (DIN:01097705)	West Coast Paper Mills Limited	Non-executive Independent Director	4	2	3
	Kiran Vyapar Limited	Non-executive Independent Director			
Shri H.K. Khaitan (DIN:00220049)	Steel Products Limited	Executive Director	4	2	3
	India Carbon Limited	Non-executive Independent Director			
Shri Ravinder Nath (DIN:00062186)	Voith Paper Fabrics India Limited	Non-executive Independent Director	3	1	1
	Somany Ceramics Limited	Non-executive Independent Director			
Shri G. Parthasarathy (DIN:00068510)	None	NA	1	-	-
Shri Sidharth Kumar Birla (Din: 00004213)	Digjam Limited	Non-executive Independent Director	5	-	1
	Xpro India Limited	Executive Director			
Shri A. Vellayan (DIN:00148891)	None	NA	2	-	-

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.

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. All the Directors have certified that they are not disqualified for appointment as a Director in any company.
- vi Additional information pursuant to the Listing Regulations, 2015 in respect of Director seeking appointment is given in the AGM Notice.

The attendance of Directors at the Board Meetings and the Annual General Meeting held during the year 2019-20 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	3	Yes
Shri S. V. Kanoria (DIN: 02097441)	Executive Director	4	3	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	2	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	Yes
Shri A. Vellayan (DIN:00148891)	Non-Executive Independent Director	4	4	No

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 Directors are as given below:

Sl. No.	Skills / expertise / competencies	Name of Directors
1	Leadership qualities	Sarvashri R. V. Kanoria, Amitav Kothari, H. K. Khaitan, S. K. Birla, G. Parthasarathy, A. Vellayan, H. K. Khaitan, Ravinder Nath, S. V. Kanoria and Smt. Madhuvanti Kanoria
2	Industry knowledge and experience	Shri R. V. Kanoria and Shri S. V. Kanoria
3	Financial expertise	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, A. Vellayan, H. K. Khaitan and Ravinder Nath
4	Risk Management	Sarvashri R. V. Kanoria, Amitav Kothari and Ravinder Nath
5	Understanding of relevant laws, rules, regulations and policies	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, G. Parthasarathy, A. Vellayan, H. K. Khaitan and Ravinder Nath
6	Corporate Governance	Sarvashri R. V. Kanoria, Amitav Kothari, S. K. Birla, A. Vellayan, Ravinder Nath and Smt. Madhuvanti Kanoria
7	Global experience/International exposure	Sarvashri R. V. Kanoria, G. Parthasarathy, A. Vellayan, H. K. Khaitan, Ravinder Nath and Smt. Madhuvanti Kanoria

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, 1 (one) Meeting of Independent Directors was held on 12th February 2020, 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 fulfil the conditions of independence as 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: <http://www.kanoriachem.com/images/FamiPro.pdf>.

BOARD MEETINGS

Selection of Agenda Items for Board Meetings

- i) The Company holds a minimum of 4 (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 4 (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. 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 2019-20, the Committee met 4 (four) times; on 27th May 2019, 9th August 2019, 14th November 2019 and 12th February 2020.

Attendance of Members at Audit Committee Meetings held during the year 2019-20:

Name of Director	No. of Meetings attended
Shri Amitav Kothari	4
Shri R. V. Kanoria	4
Shri H.K. Khaitan	4
Shri Sidharth Kumar Birla	3

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 4th September, 2019.

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.

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting held on 4th September, 2019.

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

During the financial year 2019-20, a scheduled meeting of the Committee could not be held due to lockdown for Covid -19, A Meeting for the year 2019-20 was eventually held on 16th June, 2020, within the extended time allowed by the SEBI.

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. Shri H. K. Khaitan is the Chairman of the Committee.

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 2019-20, the Committee met on 27th May 2019 and 12th February 2020.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2019-20:

Name of Director	No. of Meetings attended
Shri R. V. Kanoria	2
Shri H.K. Khaitan	2
Shri Ravinder Nath	1
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, required to be 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. There is no other pecuniary relationship or transactions of the non-executive Directors with the Company. 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: <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, 2020

(Figures in Rupees)

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria	12,100,000	9,035,772	-	-	21,135,772
Shri Amitav Kothari	-	-	-	280,000	280,000
Shri H.K. Khaitan	-	-	-	330,000	330,000
Shri Ravinder Nath	-	-	-	120,000	120,000
Shri G. Parthasarathy	-	-	-	240,000	240,000
Shri Sidharth Kumar Birla	-	-	-	210,000	210,000
Shri A. Vellayan	-	-	-	200,000	200,000
Smt Madhuvanti Kanoria	-	-	-	155,000	155,000
Shri S. V. Kanoria	6,050,000	4,614,820	-	-	10,664,820

* 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	01.04.2019	31.03.2022	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.

Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2020 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 2019-20, the Committee met two times; on 27th May 2019 and 14th November 2019.

Attendance of Members at Corporate Social Responsibility Committee Meetings held during the year 2019-20:

Name of Director	No. of Meetings attended
Smt. Madhuvanti Kanoria	1
Shri R. V. Kanoria	2
Shri H.K. Khaitan	2

The CSR Policy may be accessed at the Company's website at the link: <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.

During the financial year 2019-20, the Committee met once on 9th July, 2019, wherein Shri R. V. Kanoria and Shri S. V. Kanoria were present.

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, Shri N.K. Nolkha - Group Chief Financial Officer and Shri Ranjeet Singh, Chief Executive - Chemicals Business. 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 9th August 2019 and 12th February 2020.

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 2019-20 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
2018-19	4 th September 2019	02.30 P. M.	'Shripati Singhanian Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020	5
2017-18	13 th September 2018	03.00 P. M.		1
2016-17	4 th September 2017	02.30 P. M.		NIL

During the year 2019-20, no resolution was passed by way of Postal Ballot:

There is no resolution proposed to be passed by Postal Ballot.

DISCLOSURES:

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: <http://www.kanoriachem.com/images/MatSub.pdf>.

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. 44 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: <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 English and vernacular (Bengali) language 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 where information about the Company is displayed and regularly updated. An e-mail ID 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 2019-20, 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. The Whistle Blower Policy of the Company may be accessed on the Company's website at the link: <http://www.kanoriachem.com/images/WBP.pdf>.

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 54,091 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. 459,580/- for the year 2011-12 to the Investor Education and Protection Fund on 9th October, 2019, 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.	2	3,492
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	2	3,492
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.	19	36,114
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.	18	11,424

TOTAL FEES PAID TO AUDITOR

Total fees for all the services paid by the Company to the Statutory Auditor during the year under review amounted to Rs. 2.24 million. None of the subsidiary companies has paid any fee to the Company's Statutory Auditor or any of its network firm.

RECOMMENDATIONS OF THE COMMITTEES

During the year, the Board of Directors has accepted all the recommendations of the committees of the Board which is mandatorily required.

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 REQUIREMENTS

The Company has complied with all the mandatory requirements of Corporate Governance specified in the Listing Regulations. The Company has adopted the discretionary requirements specified in Part E of Schedule II of the Listing Regulations as given below:

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.

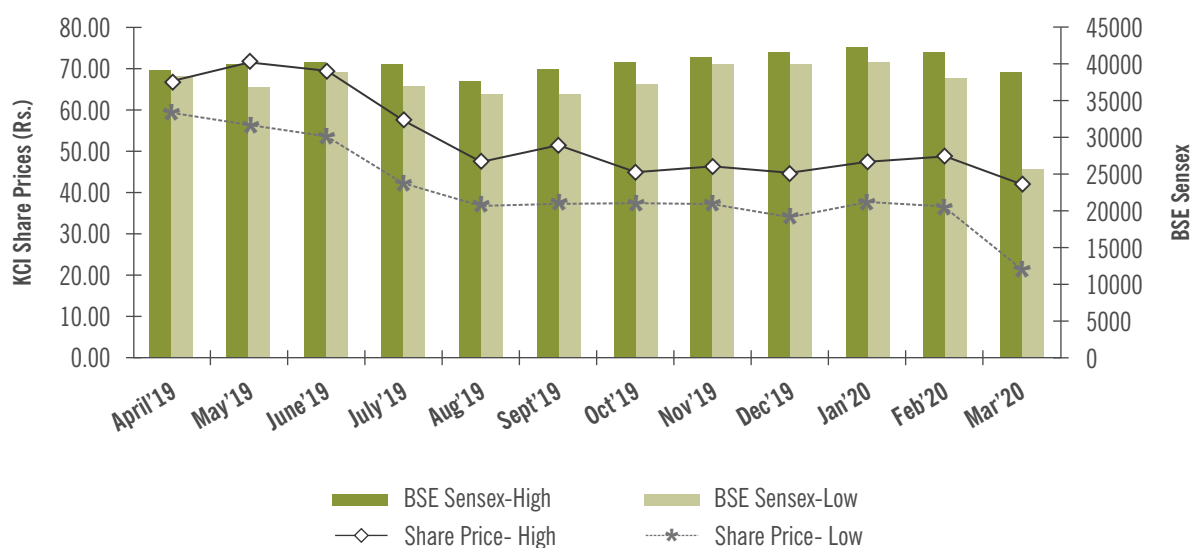
GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting • Date and time • Venue/Mode	Tuesday, the 15 th September 2020 at 11.00 A.M. Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial Year <u>Financial Calendar 2020-21</u> (tentative and subject to change) • Financial Results for the: quarter ending 30 th June 2020 quarter ending 30 th September 2020 quarter ending 31 st December 2020 year ending 31 st March 2021 • Annual General Meeting 2020-21	1 st April to 31 st March)) Within 45 days of end of respective quarter) By 30 th May 2021 By September 2021
3.	Dividend Payment Date	Not Applicable
4.	Listing on Stock Exchanges	National Stock Exchange of India Ltd. 'Exchange Plaza' Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 www.nseindia.com BSE Limited P. J. Towers, Dalal Street, Fort Mumbai - 400 001 www.bseindia.com Note: Listing fee for the year 2019-20 has been paid to the above Stock Exchanges.
5.	Stock Code: BSE Ltd. National Stock Exchange of India Ltd.	50 6525 KANORICHEM

6.	Stock Price Data (in Rs./per share)				
	Months	NSE*		BSE*	
		High	Low	High	Low
	April 2019	67.80	59.15	67.25	59.50
	May 2019	73.40	54.15	72.00	56.50
	June 2019	69.70	54.00	69.70	53.65
	July 2019	57.80	43.00	57.60	42.10
	August 2019	47.00	37.00	47.50	36.65
	September 2019	51.70	37.00	51.80	37.65
	October 2019	44.60	39.00	45.00	37.70
	November 2019	46.35	37.45	46.50	37.60
	December 2019	44.60	34.40	44.50	34.00
	January 2020	47.50	37.65	47.50	38.15
	February 2020	48.85	36.10	48.90	36.25
	March 2020	41.45	22.00	42.00	22.00

* Source: Website of NSE and BSE

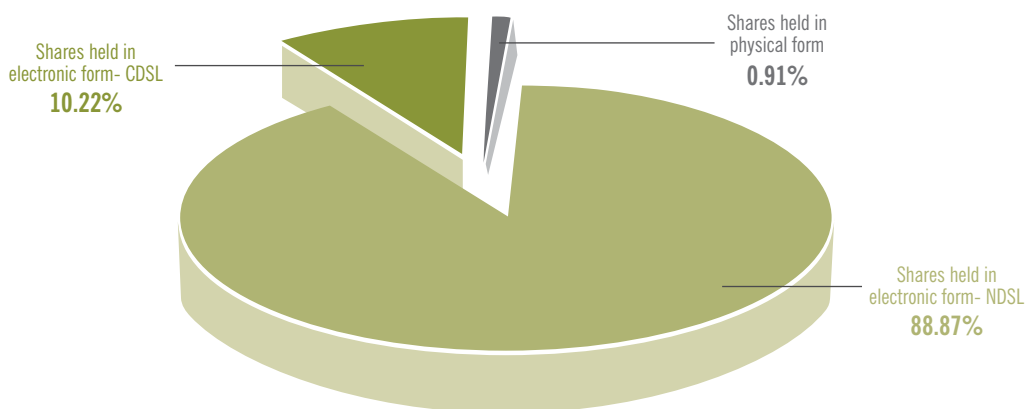
KCI Share Prices/BSE Sensex (Monthly High/Low)



7.	Registrar and Share Transfer Agent	C B Management Services (P) Limited P-22, Bondel Road, Kolkata – 700 019 Phone: (033) 40116700 Fax: (033) 40116739 Email: rta@cbmsl.com
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8.	(a) Share Transfer System	Shareholders' requests for transfer / transmission of Equity shares and other related matters are handled by the Registrar & Share Transfer Agent and are affected within stipulated timelines, if all the documents are valid and in order. Shares of the Company are transferred in dematerialised form.
	(b) No. of shares dematerialised/ rematerialised during the year 2019-20: - No. of shares dematerialised - No. of shares rematerialized	22,762 3,492
	(c) Dematerialisation of Shares and liquidity	<p>Depositories: 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 2020:- NSDL: 38,828,531 Shares (88.87%) CDSL: 4,465,383 Shares (10.22%) Shares held in Physical form: 399,419 Shares (0.91%)</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 2019-20 has been paid by the Company to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

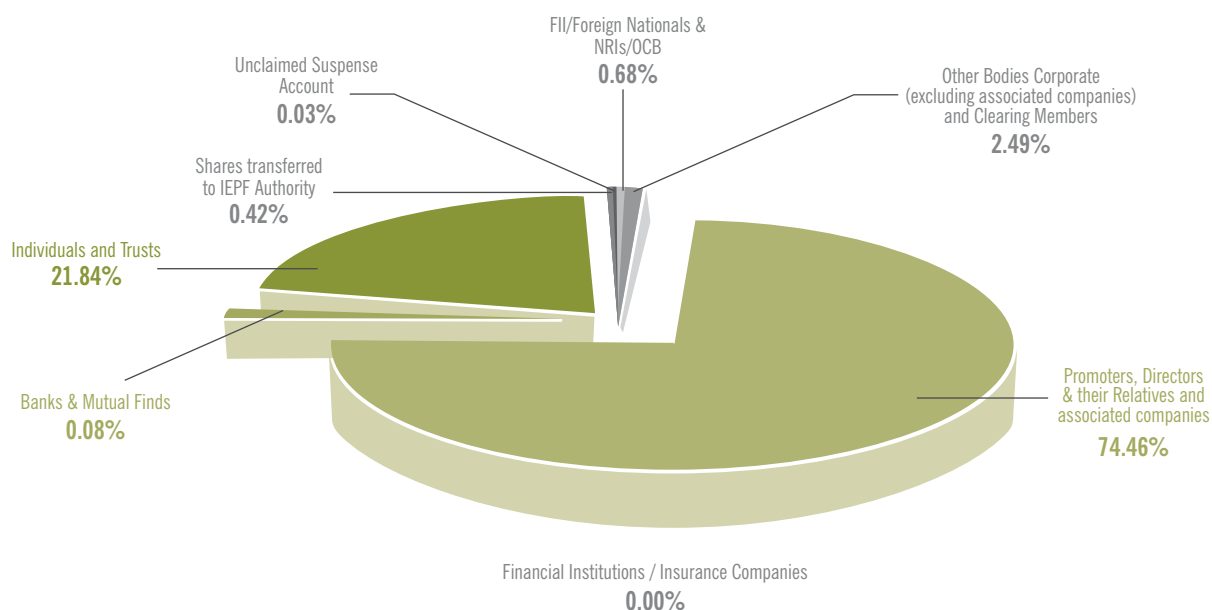


	(d) National Electronic Clearing Service (NECS) for Dividend	<p>Your Company provides shareholders the option to receive dividend through the NECS facility. To avoid risk of loss and/or interception of dividend instruments in postal transit and/or fraudulent encashment, shareholders are requested to avail the NECS facility, where dividends are directly credited in electronic form to their respective bank accounts.</p> <p>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.</p>
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9. Distribution of Equity Shareholding as on 31 st March 2020					
	Nominal value of Shareholding	Number of Shareholders	% of Shareholders	Number of Equity Shares	% of Share Capital
	Up to Rs. 5,000	15,783	89.91	3,420,374	7.83
	Rs. 5,001 - Rs. 10,000	907	5.17	1,376,796	3.15
	Rs. 10,001 - Rs. 20,000	485	2.76	1,386,506	3.17
	Rs. 20,001 - Rs. 30,000	149	0.85	736,130	1.69
	Rs.30,001 – Rs. 40,000	66	0.38	456,129	1.04
	Rs. 40,001 – Rs. 50,000	48	0.27	446,619	1.02
	Rs. 50,001 – Rs. 1,00,000	69	0.39	977,452	2.24
	Rs. 1,00,001 and above	48	0.27	34,893,327	79.86
	Total	17,555	100.00	43,693,333	100.00

10. Equity Shareholding Pattern as on 31 st March 2020			
	Category	No. of Shares held	% of Shareholding
	Promoters, Directors & their Relatives and associated companies	32,534,254	74.46
	FII/Foreign Nationals & NRIs/OCB	298,395	0.68
	Financial Institutions / Insurance Companies	300	0.00
	Banks & Mutual Funds	32,025	0.08
	Other Bodies Corporate (excluding associated companies) and Clearing Members	1,089,145	2.49
	Individuals and Trusts	9,542,881	21.84
	Shares transferred to IEPF Authority	184,909	0.42
	Unclaimed Suspense Account	11,424	0.03
	Total	43,693,333	100.00

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2020



11.	Top Ten Shareholders of the Company as on 31 st March 2020		
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.	Pradeep Kumar Saraf	188,038	0.43
x.	Sanjeev Bubna	169,757	0.39
	Total	33,208,968	76.00

12.	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
13.	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. 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. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2020 are disclosed in Note No. 42 to the Standalone Financial Statements.</p>
14.	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 has revised the rating for the long-term bank facilities of the Company as CARE A (Single A) from the existing rating of CARE A+ (Single A Plus) and rating for the short-term bank facilities as CARE A1 (A One) from the existing rating of CARE A1+ (A One Plus).</p>
15.	Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.	Not Applicable
16.	Plant Locations	<p>I. Alcochem Ankleshwar Division Ankleshwar Chemical Works, 3407, GIDC Industrial Estate, P.O. Ankleshwar-393 002, Dist. Bharuch (Gujarat).</p> <p>II. Alcochem Vizag Division Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam - 531 021, Andhra Pradesh</p> <p>III. Alcochem Naidupet Division Plot No. 50 and 51, Block - C, Industrial Park, Menakur Village, Naidupet - 524 421, Dist. Nellore, Andhra Pradesh</p> <p>IV. Solar Power Plant Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)</p>
17.	Address for Correspondence: For Investors' matters	<p><i>Company Secretary</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone : (033) 4031 3200 Email: nksethia@kanoriachem.com Website: http://www.kanoriachem.com</p>
	For queries relating to Financial Statements	<p><i>Group Chief Financial Officer</i> Kanoria Chemicals & Industries Limited 'KCI Plaza', 23C, Ashutosh Chowdhury Avenue, Kolkata-700 019 Phone: (033) 4031 3200 Email: nolkha@kanoriachem.com Website: http://www.kanoriachem.com</p>

Registered Office

'KCI Plaza'
23C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 17th June, 2020

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

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 2020.

Registered Office

'KCI Plaza'
23C, Ashutosh Chowdhury Avenue
Kolkata 700 019
Date: 17th June, 2020

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, 2020, 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

UDIN: F005935B000342480

Place: Kolkata
Date: 15.06.2020

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, 2020, 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 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, 2020.
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.

Place: Kolkata
Dated: 17th day of June, 2020

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

ABHISHEK MOHTA
Partner
Membership No. 066653
UDIN: 20066653AAAACE3928

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 standalone financial statements of KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31 2020, 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, 2020 and its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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, 2020. 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 that there are no Key Audit Matters to be communicated in our Audit 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

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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. 1.19 million which is held in abeyance due to pending legal cases.

For J K V S & CO
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
(Partner)
Membership No. 066653
UDIN: 20066653AAAACC2619

Place: Kolkata
Dated: 17th day of June, 2020

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, 2020 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 & goods and service tax which have not been deposited and the forum where the dispute is pending as on March 31, 2020 are as under :-

Name of the statute	Nature of the Dues	Amount (Rs. in millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	55.68	AY 2016-17	Commissioner Income Tax (Appeals), Kolkata
The Central Excise Act, 1944	Excise Duty	2.06	Apr-10 to May-16	Commissioner (A) – 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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
(Partner)
Membership No. 066653
UDIN: 20066653AAAACC2619

Place: Kolkata
Dated: 17th day of June, 2020

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, 2020 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.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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.

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, 2020, 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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
(Partner)
Membership No. 066653
UDIN: 20066653AAAACC2619

Place: Kolkata
Dated: 17th day of June, 2020

BALANCE SHEET

As at 31st March 2020

(Rs. in million)

Particulars	Notes	As at 31 st March 2020	As at 31 st March 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	4,213.38	3,913.35
(b) Capital Work-in-Progress		110.38	337.81
(c) Other Intangible Assets	5B	2.70	5.26
(d) Financial Assets			
(i) Investments	6A	1,471.89	1,665.10
(ii) Loans	7	1,347.90	884.51
(iii) Others	8	17.21	16.90
(e) Other Non-Current Assets	9	4.54	26.86
Total Non-Current Assets		7,168.00	6,849.79
Current Assets			
(a) Inventories	10	543.86	279.65
(b) Financial Assets			
(i) Investments	6B	21.02	47.76
(ii) Trade Receivables	11	618.16	623.61
(iii) Cash and Cash Equivalents	12A	78.77	51.64
(iv) Bank Balances other than (iii) above	12B	101.13	242.31
(v) Loans	7	2.36	185.13
(vi) Others	8	135.00	69.78
(c) Current Tax Assets (Net)	13	176.82	193.76
(d) Other Current Assets	9	115.13	84.75
Total Current Assets		1,792.25	1,778.39
Total Assets		8,960.25	8,628.18
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	14	218.49	218.49
Other Equity	15	5,948.90	6,010.74
Total Equity		6,167.39	6,229.23
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	680.82	485.78
(ii) Other Financial Liabilities	17	-	3.46
(b) Provisions	18	78.81	69.65
(c) Deferred Tax Liabilities (Net)	19A	446.67	505.79
Total Non-Current Liabilities		1,206.30	1,064.68
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	676.12	600.57
(ii) Trade Payables	20		
Total outstanding dues of Micro and Small Enterprises		24.56	26.08
Total outstanding dues of Others		646.84	411.88
(iii) Other Financial Liabilities	17	193.49	236.50
(b) Other Current Liabilities	21	12.17	28.93
(c) Provisions	18	33.38	30.31
Total Current Liabilities		1,586.56	1,334.27
Total Liabilities		2,792.86	2,398.95
Total Equity and Liabilities		8,960.25	8,628.18
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

Chartered Accountants

Firm Registration No.318086E

ABHISHEK MOHTA

Partner

Membership No. 066653

Place: Kolkata

Date: 17th June, 2020

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 31st March 2020

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2020	For the year ended 31 st March 2019
INCOME			
Revenue from Operations	22	3,597.43	4,475.03
Other Income	23	198.79	143.17
Total Income		3,796.22	4,618.20
EXPENSES			
Cost of Materials Consumed		2,653.09	3,159.09
Purchase of Stock-in-Trade		-	91.89
Change in Inventories of Finished Goods and Work-in-Progress		(140.76)	16.87
Employee Benefit Expenses	24	303.25	250.33
Other Expenses	25	712.04	690.94
Expenses		3,527.62	4,209.12
Profit before Finance Costs, Depreciation & Amortisation, Exceptional Items and Tax		268.60	409.08
Finance Costs	26	121.40	64.18
Depreciation and Amortisation Expenses	5A, 5B	211.46	200.54
Profit/(Loss) before Exceptional Items and Tax		(64.26)	144.36
Exceptional Item	27	-	28.00
Profit/(Loss) before Tax		(64.26)	116.36
Tax Expenses:			
Current Tax		-	30.20
MAT Credit Entitlement		-	(18.28)
Deferred Tax		(56.10)	18.77
Tax for earlier years		-	(0.01)
Profit/(Loss) for the Year		(8.16)	85.68
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(8.08)	(1.68)
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		1.96	0.81
B (i) Items that will be reclassified to Profit or Loss	28B	(9.12)	(1.26)
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		1.06	0.14
Other Comprehensive Income for the Year (net of tax)		(14.18)	(1.99)
Total Comprehensive Income for the Year		(22.34)	83.69
Earning per Share (INR) - Basic & Diluted	29	(0.19)	1.96
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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: Kolkata
Date: 17th June, 2020

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 31st March 2020

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2020			Year ended 31 st March 2019		
	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
Total	218.49	-	218.49	218.49	-	218.49

(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	
As at 31st March 2018	34.17	161.50	72.69	5,604.73	5.34	-	5,878.43
Received on Business Combination (refer note 37)				119.89	(1.44)	9.18	127.63
Profit for the Year				85.68			85.68
Other Comprehensive Income				(1.73)	0.86	(1.12)	(1.99)
Total Comprehensive Income	34.17	161.50	72.69	5,808.57	4.76	8.06	6,089.75
Dividend Paid				(65.54)			(65.54)
Dividend Distribution Tax				(13.47)			(13.47)
As at 31st March 2019	34.17	161.50	72.69	5,729.56	4.76	8.06	6,010.74
(Loss) for the Year				(8.16)			(8.16)
Other Comprehensive Income				(4.05)	(2.07)	(8.06)	(14.18)
Total Comprehensive Income	34.17	161.50	72.69	5,717.35	2.69	-	5,988.40
Dividend Paid				(32.77)			(32.77)
Dividend Distribution Tax				(6.73)			(6.73)
As at 31st March 2020	34.17	161.50	72.69	5,677.85	2.69	-	5,948.90

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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: Kolkata
Date: 17th June, 2020

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 CASH FLOW

For the year ended 31st March 2020

(Rs. in million)

	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Exceptional Items and Tax	(64.26)	144.36
Adjustments for:		
Unrealized Debts and Claims Written Off	0.22	0.62
Provision for Bad & Doubtful Debts & Advances (Net)	1.94	1.61
Fair Value (Gain) on Foreign Exchange Forward Contracts	(6.88)	(6.17)
Finance Costs	121.40	64.18
Depreciation & Amortisation	211.46	200.54
(Gain)/Loss on Sale of Fixed Assets (Net)	3.21	(2.98)
(Gain) on Sale of Investments as FVTPL/FVTOCI (Net)	(9.93)	(1.16)
Interest Income	(92.02)	(88.33)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)	14.27	(6.23)
Dividend Income	(0.16)	(4.78)
Guarantee Fee Income	(15.81)	(16.65)
Liabilities Written Back	(0.90)	(0.63)
Operating Profit before Working Capital Changes	162.54	284.38
Adjustments for:		
(Increase)/ Decrease in Trade and Other Receivables (Net)	(34.91)	23.84
Inventories	(264.21)	139.46
Increase/ (Decrease) in Trade and other Payables (Net)	240.44	(5.12)
Cash Generated from Operations	103.86	442.56
Income Tax (Paid)/Refund (net)	16.94	(28.44)
Net Cash from Operating Activities	120.80	414.12
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(273.47)	(347.89)
Sale of Fixed Assets	3.49	14.72
Loans & Advances to Subsidiaries (Net)	(279.51)	(460.54)
Purchase of Investments	(182.80)	(984.20)
Sale of Investments	386.95	1,116.67
Fixed Deposits (net)	140.80	110.43
Interest Received	48.47	85.60
Guarantee Fee Received	0.62	14.31
Dividend Received	0.19	9.57
Net Cash used in Investing Activities	(155.26)	(441.33)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	233.63	203.36
Dividend Paid (including Dividend Distribution Tax)	(39.50)	(79.01)
Finance Costs Paid	(132.54)	(67.54)
Net Cash from Financing Activities	61.59	56.81
Net Increase/(Decrease) in Cash and Cash Equivalents	27.13	29.60
Cash and Cash Equivalents at the beginning of the year	51.64	21.32
Cash and Cash Equivalents received on Business Combination (refer note 37)	-	0.72
Cash and Cash Equivalents at the end of the year (Note 12A)	78.77	51.64

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(N).

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: Kolkata
Date: 17th June, 2020

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 17th June 2020.

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. 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 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 or liabilities are classified as non-current assets or 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

Effective April 1, 2019, the Company has applied Ind AS 116 'Leases' which establishes the criteria to determine the contracts having lease component within them. Ind AS 116 replaces Ind AS 17 'Leases'.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The company determines the lease term as non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

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

NOTES TO THE FINANCIAL STATEMENTS

- 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 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. 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 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. 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 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. 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 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. 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.

Derecognition:

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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 liability (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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 statement of profit and 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.

NOTES TO THE FINANCIAL STATEMENTS

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 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 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:

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/acrued to the Company.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 3 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.

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.

T. Recent applicable Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

(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 01.04.19	Additions	Sale/ Disposal	As at 31.03.20	As at 01.04.19	For the Year*	Sale/ Disposal	As at 31.03.20	As at 31.03.20
Land & Site Development :									
Freehold	701.00	59.40	-	760.40	-	-	-	-	760.40
Leasehold	797.80	-	-	797.80	44.82	11.21	-	56.03	741.77
Buildings	820.25	105.37	1.87	923.75	124.42	32.07	0.70	155.79	767.96
Plant & Equipment	2,319.62	325.71	6.39	2,638.94	596.49	156.98	2.78	750.69	1,888.25
Furniture & Fixtures	27.78	19.01	0.19	46.60	13.50	4.70	0.08	18.12	28.48
Vehicles & Fork Lifts	26.46	0.88	2.62	24.72	8.70	3.06	1.26	10.50	14.22
Office Equipment	18.90	7.79	0.85	25.84	10.53	3.41	0.40	13.54	12.30
Total	4,711.81	518.16	11.92	5,218.05	798.46	211.43	5.22	1,004.67	4,213.38

	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	2,287.50	45.34	13.22	2,319.62	449.27	149.03	1.81	596.49	1,723.13
Furniture & Fixtures	27.34	0.61	0.17	27.78	10.10	3.50	0.10	13.50	14.28
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
Total	4,626.37	99.36	13.92	4,711.81	600.71	199.93	2.18	798.46	3,913.35

*Refer note 33.

5B: Intangible Assets

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.19	Additions	Sale/ Disposal	As at 31.03.20	As at 01.04.19	For the Year	Sale/ Disposal	As at 31.03.20	As at 31.03.20
Computer Software	16.55	1.00	-	17.55	11.29	3.56	-	14.85	2.70

	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

NOTES TO THE FINANCIAL STATEMENTS

6: Investments

(Rs. in million)

	31 st March 2020			31 st March 2019		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(A) Non Current Investments:						
Investments at Cost						
Equity Shares, Fully Paid (Unquoted) In Subsidiary Companies						
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	32,937,628	814.54
Total Investments at Cost			1,237.68			1,237.68
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.00
HDFC Bank Ltd.	1	5,000	4.31	2	2,500	5.80
Bank of India	10	9,000	0.29	10	9,000	0.94
NMDC Limited.	1	8,000	0.64	1	8,000	0.84
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
BEIL 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
Debenture/Bonds, Fully Paid (Quoted)						
8.75% National Highway Authorities of India	-	-	-	1,000	40,000	48.68
Total Investments at Fair Value through OCI			13.60			64.62
Investments at Fair Value through PL						
Preference Shares, Fully Paid (Quoted)						
16.06% Infrastructure Leasing & Financial Services Limited	7,500	4,000	30.00	7,500	4,000	30.00
Mutual Funds (Quoted)						
ICICI Prudential Value Discovery Fund - Dividend	-	-	-	10	363,701	9.63
ICICI Prudential Ultra Short Term Fund-Growth	-	-	-	10	845,255	15.96
HDFC Midcap Opportunities Fund - Dividend	-	-	-	10	412,969	11.76
Reliance Vision Fund-Dividend	-	-	-	10	90,879	3.32
Reliance Multi Cap Fund-Dividend	-	-	-	10	99,095	2.83
Reliance Dynamic Bond Fund - Growth	-	-	-	10	635,272	15.61
IDFC Dynamic Bond Fund -Growth	-	-	-	10	372,926	8.33
Franklin India Govt. Security Fund - Growth	-	-	-	10	372,394	15.40
Franklin India Blue chip Fund-Dividend	-	-	-	10	262,533	10.02
Templeton India Value Fund - Dividend	-	-	-	10	184,955	11.53
Alternative Investment Funds (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.2	6	9,313,812	55.27	7	9,313,812	74.59
IIFL Real Estate Fund (Domestic) Sr.3	9	5,365,000	38.35	9	5,365,000	54.70
IIFL Seed Venture Fund	9	2,279,590	55.22	10	2,279,590	44.96
ICICI Prudential Real Estate AIF-II	100	161,573	13.79	100	373,935	37.28
Chiratae Trust	100,000	176	27.98	100,000	132	16.88
Total Investments at Fair Value through PL			220.61			362.80
Total Non Current Investments (A)			1,471.89			1,665.10
(B) Current Investments:						
Investments at Fair Value through PL						
Alternative Investment Fund (Unquoted)						
IIFL Income Opportunities Fund Series-Special Situations	4	4,776,976	21.02	4.35	4,776,976	21.05
Mutual Funds (Unquoted)						
Franklin India Ultra Short Bond Fund-Super Ins.-Growth	-	-	-	10	1,016,933	26.71
Total Investments at Fair Value through PL			21.02			47.76
Total Current Investments (B)			21.02			47.76
		Non-Current	Current		Non-Current	Current
Aggregate book value of quoted investments		35.24	-		190.65	-
Aggregate market value of quoted investments		35.24	-		190.65	-
Aggregate value of unquoted investments		1,436.65	21.02		1,474.46	47.76

NOTES TO THE FINANCIAL STATEMENTS

7: Loans

(Rs. in million)

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
(Unsecured, considered good) Loans to Related Parties				
Loans to Subsidiaries (Refer note 39)	1,345.54	-	883.42	182.60
Other Loans				
Loans to Employees	2.36	2.36	1.09	2.53
Total Loans	1,347.90	2.36	884.51	185.13

8: Other Financial Assets

(Unsecured considered good) Security Deposits	17.21	-	16.90	-
Export Benefits and Claims Receivable	-	34.10	-	27.59
Interest and Dividend Receivable	-	3.09	-	4.13
Interest and Fees receivable from Related Parties	-	97.81	-	38.06
Total Other Financial Assets	17.21	135.00	16.90	69.78

9: Other Assets

(a) Capital Advances	0.74	-	22.96	-
(b) Advances other than Capital Advances				
(i) Advances to Related Party	-	11.60	-	7.12
(ii) Other Advances	3.80	24.79	3.90	9.69
(iii) Balance with Government Authorities		78.74		67.94
Total Other Assets	4.54	115.13	26.86	84.75

10: Inventories

	31 st March 2020	31 st March 2019
(At lower of cost and net realisable value)		
Raw Materials	84.60	129.12
Raw Materials in Transit	147.53	-
Work-in-Progress	3.13	9.42
Finished Goods	208.88	57.17
Finished Goods in Transit	3.87	8.53
Stores & Spare Parts	95.85	75.41
Total Inventories	543.86	279.65

11: Trade Receivables

	31 st March 2020	31 st March 2019
Secured, considered good	2.37	2.37
Unsecured, considered good	615.44	619.38
With Significant Increase in Credit risk	4.64	4.21
Less: Allowance for Bad & Doubtful Debts	4.29	2.35
Total Trade Receivables	618.16	623.61

NOTES TO THE FINANCIAL STATEMENTS

12A: Cash and Cash Equivalent

(Rs. in million)

	31 st March 2020	31 st March 2019
Balance with Banks	78.33	6.94
Remittance in Transit	-	44.39
Cash on hand	0.44	0.31
Total Cash and Cash equivalent	78.77	51.64

12B: Other Bank Balances

	31 st March 2020	31 st March 2019
Earmarked balances with Banks (Unpaid Dividend Account)	5.48	5.86
Bank Deposits (held as security)	95.65	236.45
Total Other Bank Balances	101.13	242.31

13: Current Tax Assets

	31 st March 2020	31 st March 2019
Income Tax Payments (net of provision)	176.82	193.76
Total Current Tax Assets	176.82	193.76

14: Equity Share Capital

	31 st March 2020		31 st March 2019	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid 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
Total		218.49		218.49

(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 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

	31 st March 2020		31 st March 2019	
	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 st March 2020		31 st March 2019	
	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

	31 st March 2020		31 st March 2019	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet		161.50		161.50
Retained Earnings				
As per last Balance Sheet	5,729.56		5,604.73	
Add: Received on Business Combination (refer note 37)	-		119.89	
Add: Profit/(Loss) for the Year	(8.16)		85.68	
Add: Actuarial gain/(loss) on Defined Benefit Plan (Net)	(4.05)		(1.73)	
Less: Dividend	(32.77)		(65.54)	
Less: Dividend Distribution Tax	(6.73)	5,677.85	(13.47)	5,729.56
Other Comprehensive Income (OCI)				
As per last Balance Sheet	12.82		5.34	
Add: Received on Business Combination (refer note 37)	-		7.74	
Add: Movement in OCI (Net) during the year	(10.13)	2.69	(0.26)	12.82
Total Other Equity		5,948.90		6,010.74

NOTES TO THE FINANCIAL STATEMENTS

16: Borrowings

(Rs. in million)

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan				
From Bank/Financial Institution ¹	680.82	91.71	485.78	128.67
Loans Repayable on Demand				
From Banks ²	-	273.08	-	524.76
Buyer's Credit				
From Banks ²	-	61.49	-	75.81
Short Term Loan				
From Body Corporate ³	-	76.55	-	-
Unsecured				
Short Term Loan				
From Related Party	-	100.00	-	-
From Bodies Corporate	-	165.00	-	-
	680.82	767.83	485.78	729.24
Amount Disclosed under Other Financial Liabilities (Refer Note 17)	-	(91.71)	-	(128.67)
Total Borrowings	680.82	676.12	485.78	600.57

¹ Term Loan of Rs. 68.99 million (Previous year Rs. 192.99 million) Secured by Fixed Deposits and Rs. 703.54 million (Previous year 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 Naidupet & Vizag Division, both present and future.

² Secured by hypothecation of Current Assets of the Company.

³ Secured by pledge of units of alternative investment funds of Rs. 169.86 million.

17: Other Financial Liabilities

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Debts (Refer Note 16)	-	91.71	-	128.67
Interest Accrued	-	10.00	-	3.98
Security Deposits	-	10.20	-	7.98
Liabilities for Capital Goods	-	24.67	-	49.31
Unpaid Dividend ¹	-	5.48	-	5.86
Employee related Liabilities	-	22.07	-	18.12
Other Liabilities	-	29.36	3.46	22.58
Total Other Financial Liabilities	-	193.49	3.46	236.50

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.19 million (previous year Rs. 1.07 million) which is held in abeyance due to legal case pending.

NOTES TO THE FINANCIAL STATEMENTS

18: Provisions

(Rs. in million)

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Provision for Employee Benefits	78.81	33.38	69.65	30.31
Total Provisions	78.81	33.38	69.65	30.31

19: Income Tax

A. Deferred Tax

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

	1 st April 2019	Profit & Loss Net	OCI (Net)	31 st March 2020
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	710.70	(11.21)	-	699.49
Fair Value of Investments	6.63	(3.04)	(1.32)	2.27
Deferred Tax Assets				
MAT Credit Entitlement	172.35	-	-	172.35
Unabsorbed Business Losses/Depreciation	-	42.85	-	42.85
Expenses relating to Retirement Benefits	34.93	0.82	1.70	37.45
MTM Adjustment on Forward Contracts	3.44	(2.43)	-	1.01
Others	0.82	0.61	-	1.43
Net Deferred Tax Liabilities	505.79	(56.10)	(3.02)	446.67

	1 st April 2018	Profit & Loss Net	OCI (Net)	31 st March 2019
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	708.32	2.38	-	710.70
Fair Value of Investments	7.86	(2.39)	1.16	6.63
Deferred Tax Assets				
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
Net Deferred Tax Liabilities	505.00	(0.01)	0.80	505.79

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

	31 st March 2020	31 st March 2019
Profit/(Loss) before income tax	(64.26)	116.36
At India's statutory Income tax rate of 33.384% (Previous year 34.944%)	(21.45)	40.66
Effect of Change in tax rate	(31.80)	-
Tax effect on non-deductible expenses	0.32	0.77
Effect of income exempt from tax	(0.71)	(2.86)
Others	(2.46)	(7.89)
Tax expenses reported in the statement of profit and loss	(56.10)	30.68

NOTES TO THE FINANCIAL STATEMENTS

20: Trade Payable

(Rs. in million)

	31 st March 2020	31 st March 2019
Trade Payable		
Total outstanding dues of Micro and Small Enterprises	24.56	26.08
Total outstanding dues of creditors other than Micro and Small Enterprises	646.84	411.88
Total Trade Payables	671.40	437.96
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	24.56	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 st March 2020	31 st March 2019
Statutory Liabilities	8.45	19.22
Customers' Credit Balances	3.72	9.71
Total Other Current Liabilities	12.17	28.93

22: Revenue from Operations

	31 st March 2020	31 st March 2019
(a) Sale of Products		
Manufactured products		
Alco Chemicals	3,545.98	4,294.01
Solar Power (refer note 36)	23.61	31.83
	3,569.59	4,325.84
Trade Products		
Methanol	-	95.59
Total Sale	3,569.59	4,421.43
(b) Other Operating Revenues		
Miscellaneous Sales	12.96	38.65
Renewal Energy Certificate benefits	9.37	11.74
Insurance and other claims	1.17	-
Export benefits	4.34	3.21
Total Other Operating Revenues	27.84	53.60
Total Revenue from Operations	3,597.43	4,475.03

NOTES TO THE FINANCIAL STATEMENTS

23: Other Income

(Rs. in million)

	31 st March 2020	31 st March 2019
Interest Income		
On Investments	14.02	17.78
From Others	21.45	27.86
From Related Parties	56.55	42.69
Dividend Income	0.16	4.78
Gain on Sale of Investments classified as FVTPL (Net)	1.62	1.16
Gain/(Loss) on sale of Debt Securities classified as FVTOCI	(0.81)	-
Gain on reclassification of FVTOCI Debt Securities	9.12	-
Fair value gain/(loss) on Financial Instruments classified as FVTPL (Net)	(14.27)	6.23
Profit on Fixed Assets sold/discarded (Net)	-	2.98
Fair value gain on Foreign Exchange Forward Contracts (Net)	6.88	6.17
Foreign Exchange Rate Fluctuation (Net)	80.07	12.92
Guarantee fee from Related Parties	15.81	16.65
Other Non Operating Income	8.19	3.95
Total Other Income	198.79	143.17

24: Employee Benefits Expense

	31 st March 2020	31 st March 2019
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	272.67	225.33
Contribution to Provident Fund	13.23	10.85
Staff Welfare Expenses	17.35	14.15
Total Employee Benefits Expense	303.25	250.33

25: Other Expenses

	31 st March 2020	31 st March 2019
Consumption of Stores & Spare parts etc.	87.10	92.08
Other Manufacturing Expenses	13.03	17.68
Power & Fuel	272.84	277.44
Repairs to -		
Plant & Machinery	52.65	41.79
Buildings	2.04	1.81
Others	7.56	5.97
Water Charges & Cess	27.11	22.74
Rates & Taxes	7.24	7.53
Rent	9.08	8.57
Insurance	16.11	6.94
Legal and Professional Charges	27.84	24.35
Miscellaneous Expenses	49.75	51.31
CSR Expenditure (Refer Note No. 31)	0.95	1.90
Commission & Brokerage to Others	34.62	33.98

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

	31 st March 2020	31 st March 2019
Freight, Handling & Other Charges	48.94	48.11
Directors' Fees	1.54	1.54
Travelling Expenses	13.96	12.55
Directors' Remuneration	31.80	30.29
Provision for bad & doubtful Debts & Advances (Net)	1.94	1.61
Unrealized Debts and Claims written off	0.22	0.62
Payment to Auditors	2.51	2.13
Loss on Fixed Assets sold/discarded (Net)	3.21	-
Total Other Expenses	712.04	690.94
Additional Information regarding Payment to Auditors		
(a) Statutory Auditors		
Audit Fees	0.80	0.84
For Certificates & Others	1.44	1.11
For Travelling and out of pocket expenses	0.11	0.02
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.01	0.01
Total payment to Auditors	2.51	2.13

26: Finance Costs

	31 st March 2020	31 st March 2019
Interest expense	95.91	48.96
Exchange difference regarded as an adjustment to Borrowing Cost	20.92	13.49
Bank/Finance charges	4.57	1.73
Total Finance Cost	121.40	64.18

27: Exceptional Item

	31 st March 2020	31 st March 2019
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 st March 2020	31 st March 2019
A. Items that will not be reclassified to Profit or Loss		
1. Actuarial Gain/(Loss) on Defined Benefit Plan	(5.75)	(2.66)
Current Tax	-	0.57
MAT Credit Entitlement	-	(0.57)
Deferred Tax	1.70	0.93
2. Net Gain/(Loss) on Equity instrument designated as FVTOCI	(2.33)	0.98
Deferred Tax	0.26	(0.12)
Net OCI not to be reclassified to Profit or Loss	(6.12)	(0.87)
B. Items that will be reclassified to Profit or Loss		
1. Net Gain/(Loss) on Debt Securities classified as FVTOCI	-	(1.26)
Deferred Tax	-	0.14
2. (Gain)/Loss transferred to Profit or Loss on reclassification of Debt Securities	(9.12)	-
Deferred Tax	1.06	-
Net OCI to be reclassified to Profit or Loss	(8.06)	(1.12)
Other Comprehensive Income for the year, net of tax	(14.18)	(1.99)

29: Earnings per Share (EPS)

	31 st March 2020	31 st March 2019
Details for calculation of Basic and Diluted Earning per Share:		
Profit/(Loss) after Tax as per Statement of Profit and Loss	(8.16)	85.68
Weighted average number of Equity Share	43,693,333	43,693,333
Basic and Diluted Earning per Share (Rs.) (Face Value Rs. 5 each)	(0.19)	1.96

30: Commitments and Contingencies

	31 st March 2020	31 st March 2019
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Excise Duty Demands (paid Rs. 9.32 million)	11.38	13.14
Sales Tax Demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax Demands (paid Rs. 55.54 million)	111.22	55.54
Other Claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	47.81	39.79
(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.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4.13	94.82
Advance paid	0.74	22.96
(b) Uncalled Liability on Investments	5.40	9.80

NOTES TO THE FINANCIAL STATEMENTS

31: Amount Spent on CSR Activities:

(Rs. in million)

	31 st March 2020	31 st March 2019
Gross amount required to be spent by the Company during the year	0.94	1.84
Amount spent during the year on:		
Promotion of Education	0.95	1.80
Water Conservation	-	0.10
	0.95	1.90

32: Distribution Proposed:

	31 st March 2020	31 st March 2019
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 st March 2020 : Nil (31 st March 2019: INR 0.75 per share)	-	32.77
DDT on proposed dividend	-	6.73
	-	39.50

33: Details of pre-operative expenses capitalised:

	31 st March 2020	31 st March 2019
Cost of Materials Consumed	2.85	-
Employee Benefit Expenses	8.69	2.77
Other Expenses	10.54	8.13
Finance Costs	17.16	9.23
Depreciation and Amortisation Expenses	3.53	4.39
	42.77	24.52
Less: Revenue from Trial Run	0.23	-
Trial Run Inventory	3.57	-
	38.97	24.52

34: The spread of COVID-19 has severely impacted businesses around the globe, including India. The Company, during March 2020, has witnessed a slowdown in the business activities which culminated into suspension of operations post imposition of national lock down. As a result while the revenue and profitability had an adverse impact, it is not possible to ascertain the exact quantum thereof. The operations have since commenced in a phased manner since April/May 2020 in consonance with applicable guidelines.

Given the uncertainty of a quick turnaround to normalcy post lifting of the lock down, the company, based on the internal and external sources of information and application of reasonable estimates, has carried out an assessment of possible impact of COVID-19 on various elements of financial statements. The Company does not foresee any significant incremental risk to the recoverability of its assets or generation of revenue in the foreseeable future. Since the situation is continuously evolving, the eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

NOTES TO THE FINANCIAL STATEMENTS

35: 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 st March 2020			Year ended 31 st March 2019		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from Operations	3,564.45	32.98	3,579.43	4,431.46	43.57	4,475.03
Segment Result	23.87	(18.18)	5.69	202.45	(8.82)	193.63
Less: (i) Finance Costs			121.40			64.18
(ii) Exceptional Item			-			28.00
(iii) Un-allocable expenditure net off Un-allocable income			(51.45)			(14.91)
Profit/(Loss) before Tax			(64.26)			116.36
Tax Expense			(56.10)			30.68
Net Profit/(Loss):			(8.16)			85.68
Segment Assets	5,177.79	225.83	5,403.62	4,824.23	233.67	5,057.90
Un-allocable Corporate Assets			3,556.62			3,570.28
Total Assets:			8,960.25			8,628.18
Segment Liabilities	802.38	10.46	812.84	586.76	12.62	599.38
Un-allocable Corporate Liabilities			1,980.02			1,799.57
Total Liabilities:			2,792.86			2,398.95
Other Disclosures						
Capital Expenditure	270.31	7.95	278.26	322.64	0.58	323.22
Un-allocable Capital Expenditure			13.47			46.51
Total Capital Expenditure:			291.73			369.73
Depreciation & Amortization	166.10	34.08	200.18	156.63	34.12	190.75
Un-allocable Depreciation			11.28			9.79
Total Depreciation & Amortization:			211.46			200.54

(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.

- 36:** During the year, the solar power plant of the company has been supplying power to Jodhpur Vidyut Vitran Nigam Limited, however, no billing for the same has been done due to non-finalization of the tariff. Sale of Solar Power for the entire year has been recognized based on the tariff declared by Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 and the corresponding receivable has been grouped with Trade Receivable.

NOTES TO THE FINANCIAL STATEMENTS

37: The National Company Law Tribunal, Kolkata Bench vide its order dated 2nd September, 2019 has approved the scheme of Amalgamation (“the Scheme”) of Pipri Limited (Non-banking Finance Company), a wholly owned subsidiary with company w.e.f. 1st April, 2018. The impact of scheme has been carried out during the year ended 31st March, 2020 and consequently the figures for the previous year has also been restated as per the requirement of Indian Accounting Standard. The fair value of assets and liabilities that have been received due to the scheme of Amalgamation is as follows:

(Rs. in million)

Particulars	As at 1 st April 2018
Long Term Investments	155.26
Current Investments	19.83
Cash & Cash Equivalents	0.72
Other Current Financial Assets	0.57
Current Tax Assets (Net)	(0.17)
Other Current Assets	0.15
Total Assets	176.36
Deferred Tax Liabilities	0.67
Other Current Financial Liabilities	0.04
Other Current Liabilities	0.01
Total Liabilities	0.72
Net Assets Received	175.64
Less: Company's Investment in Equity Shares of Pipri Limited	48.01
Net Assets taken to Equity	127.63
Fair Value through OCI - Equity Instrument	(1.44)
Fair Value through OCI - Debt Instrument	9.18
Other Comprehensive Income	7.74
Retained Earnings	119.89

38: 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 .

Particulars	31 st March 2020	31 st March 2019
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	81.80	74.83
- Current Service Cost	5.42	4.55
- Interest Expense or Cost	6.31	5.68
- Actuarial (gains) / losses arising from:		
change in financial assumptions	5.18	(0.44)
experience variance	0.57	3.10
- Benefits paid	(8.82)	(5.92)
- Present Value of Obligation as at the end	90.46	81.80

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

Particulars	31 st March 2020	31 st March 2019
	Gratuity	Gratuity
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	5.42	4.55
- Interest Expense or Cost	6.31	5.68
Total	11.73	10.23
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in financial assumptions	5.18	(0.44)
experience variance	0.57	3.10
Total	5.75	2.66
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	6.70%	7.70%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14) (previous year % of IALM 2006-08)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

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:

	31 st March 2020	31 st March 2019
Discount rate increase by 1%	(85.38)	(77.74)
Discount rate decrease by 1%	96.19	86.36
Salary Growth rate increase by 1%	96.12	86.35
Salary Growth rate decrease by 1%	(85.35)	(77.68)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	6 Years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	11.65
2 to 5 year	58.38
6 to 10 year	24.57
More than 10 year	54.79

NOTES TO THE FINANCIAL STATEMENTS

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. 13.23 million (previous year Rs. 10.85 million).

39: 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 st March 2020	31 st March 2019
APAG Holding AG	Subsidiary	Loans (Interest Bearing)	Capital Expenditure, Working Capital and acquisition	431.86	404.05
Kanoria Africa Textiles Plc	Subsidiary	Loans (Interest Bearing)	Capital Expenditure and Working Capital	913.68	661.97
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	990.35
APAG Elektronik s.r.o. ¹	Subsidiary	Corporate Guarantee	Borrowing by APAG Elektronik s.r.o from Ceskoslovenska obchodni banka, a.s.	332.20	310.81
Kanoria Africa Textiles Plc ²	Subsidiary	Corporate Guarantee	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	1,658.49	1,521.77

¹ Loan Outstanding Rs. 121.52 million (Previous year Rs. 138.06 million)

² Loan Outstanding Rs. 1,236.74 million (Previous year 1,270.96 million)

NOTES TO THE FINANCIAL STATEMENTS

40: Category-wise classification of Financial Instruments

(Rs. in million)

	Refer Note	Non-Current		Current	
		31 st March 2020	31 st March 2019	31 st March 2020	31 st March 2019
Financial Assets					
Measured at cost					
Investments	6A	1,237.68	1,237.68	-	-
Measured at amortised cost					
Trade Receivables	11	-	-	618.16	623.61
Cash and cash equivalents	12A	-	-	78.77	51.64
Other Bank balances	12B	-	-	101.13	242.31
Loans	7	1,347.90	884.51	2.36	185.13
Other Financial Assets	8	17.21	16.90	135.00	69.78
Measured at fair value through profit or loss					
Investments	6A & B	220.61	362.80	21.02	47.76
Measured at fair value through other comprehensive income					
Investments	6A	13.60	64.62	-	-
Total Financial Assets		2,837.00	2,566.51	956.44	1,220.23
Financial Liabilities					
Measured at amortised cost					
Borrowings	16	680.82	485.78	767.83	729.24
Trade Payables	20	-	-	671.40	437.96
Other Financial Liabilities	17	-	-	98.73	101.36
Measured at fair value through profit or loss					
Other Financial Liabilities	17	-	3.46	3.04	6.46
Total Financial Liabilities		680.82	489.24	1,541.00	1,275.02

41: Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

Financial assets/financial liabilities	Fair value hierarchy as at 31 st March 2020			Fair value hierarchy as at 31 st March 2019		
	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)
Financial assets measured at fair value through profit or loss						
Quoted Preference shares	-	30.00	-	-	30.00	-
Quoted Mutual funds	-	-	-	104.39	-	-
Unquoted Mutual funds	-	-	-	-	26.71	-
Unquoted Alternate Investment funds	-	211.63	-	-	249.46	-
Unquoted Equity funds	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	5.24	-	-	7.58	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36
Quoted Debentures/Bonds	-	-	-	48.68	-	-
Financial liabilities measured at fair value through profit or loss						
Forward Exchange contract (Net)	3.04	-	-	9.92	-	-

NOTES TO THE FINANCIAL STATEMENTS

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.

42: 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 st March 2020						31 st March 2019					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	8.44	635.88	4.53	376.46	(31.41)	(21.88)	7.04	486.84	2.98	231.79	(13.39)	(8.37)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		31.79		18.82		(1.09)		24.34		11.59		(0.42)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(31.79)		(18.82)		1.09		(24.34)		(11.59)		0.42

Total hedged foreign currency payable (net)- USD 0.17 million equivalent to Rs. 12.55 million (Previous year USD 0.50 million equivalent to Rs. 34.58 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.

NOTES TO THE FINANCIAL STATEMENTS

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 st March 2020		31 st March 2019	
Consumption of Methanol	1,827.46		2,368.57	
Price change	+ 5%	-5%	+ 5%	-5%
Effect on Profit before Tax	(91.37)	91.37	(118.43)	118.43

(c) Equity price risks

The Company's listed and unlisted 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.

	31 st March 2020		31 st March 2019	
Investment	255.23		295.40	
Price change	+ 5%	-5%	+ 5%	-5%
Effect on Profit before Tax	12.76	(12.76)	14.77	(14.77)

(ii) Credit risk

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 analyses 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.

	Less than 1 year	1 to 5 year	Over 5 Year	Total	Carrying Value
As at 31st March, 2020					
Borrowings (refer note 16)	767.83	448.38	234.44	1,450.65	1,448.65
Trade payable (refer note 20)	671.40	-	-	671.40	671.40
Other financial liabilities (refer note 17)	101.78	-	-	101.78	101.78
As at 31st March, 2019					
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)	107.83	3.46	-	111.29	111.29

NOTES TO THE FINANCIAL STATEMENTS

43: 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.

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

NOTES TO THE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2019-2020				2018-2019			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Dividend Paid								
Vardhan Limited	19.64	-	-	-	39.29	-	-	-
R V Investment & Dealers Limited	-	-	2.41	-	-	-	4.82	-
Kirtivardhan Finvest Services Limited	-	-	0.87	-	-	-	1.73	-
Mr. R. V. Kanoria	-	0.35	-	-	-	0.69	-	-
Mr. S. V. Kanoria	-	0.42	-	-	-	0.83	-	-
Mr. A. Vellayan	-	0.01	-	-	-	0.02	-	-
Mrs. M. Kanoria	-	0.37	-	-	-	0.75	-	-
Mr. A. V. Kanoria	-	0.33	-	-	-	0.65	-	-
Directors' Fees								
Mr. Amitav Kothari	-	0.28	-	-	-	0.29	-	-
Mr. H.K. Khaitan	-	0.33	-	-	-	0.34	-	-
Mr. Ravinder Nath	-	0.12	-	-	-	0.19	-	-
Mr. G. Parthasarathy	-	0.24	-	-	-	0.24	-	-
Mr. Sidharth K Birla	-	0.21	-	-	-	0.17	-	-
Mr. A. Vellayan	-	0.20	-	-	-	0.10	-	-
Mrs. M. Kanoria	-	0.16	-	-	-	0.21	-	-
Loans & Advances Given								
Kanoria Africa Textiles PLC	184.37	-	-	-	510.57	-	-	-
APAG Holding AG	-	-	-	-	44.71	-	-	-
Loans Converted into Equity								
Kanoria Africa Textiles PLC	-	-	-	-	(285.30)	-	-	-
Receipt towards Loans & Advances Repayment								
Kanoria Africa Textiles PLC	-	-	-	-	5.06	-	-	-
APAG Holding AG	-	-	-	-	104.81	-	-	-
Interest & Fees for the year								
Kanoria Africa Textiles PLC	56.79	-	-	-	42.25	-	-	-
APAG Holding AG	13.91	-	-	-	15.14	-	-	-
APAG Elektronik s.r.o.	1.66	-	-	-	1.95	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

Nature of Transaction	2019-2020				2018-2019			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Remuneration								
Mr. R. V. Kanoria	-	21.14	-	-	-	20.85	-	-
Mr. S. V. Kanoria	-	10.66	-	-	-	9.44	-	-
Mrs. V. Kanoria	-	2.80	-	-	-	3.25	-	-
Commission Paid								
KPL International Limited	-	-	27.82	-	-	-	24.60	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Purchase of PPE								
Kirtivardhan Finvest Services Limited	-	-	-	-	-	-	43.21	-
Borrowings								
Kirtivardhan Finvest Services Limited	-	-	100.00	-	-	-	-	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	7.27	-	-	-	7.19
Balances as at 31st March								
Investments								
Kanoria Africa Textiles PLC	814.54	-	-	-	814.54	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	925.28	-	-	-	669.09	-	-	-
APAG Holding AG	431.86	-	-	-	404.05	-	-	-
Interest and fees Receivable								
Kanoria Africa Textiles PLC	96.15	-	-	-	36.11	-	-	-
APAG Elektronik s.r.o.	1.66	-	-	-	1.95	-	-	-
Remuneration								
Mrs. V. Kanoria	-	-	-	-	-	0.32	-	-
Creditor								
KPL International Limited	-	-	12.57	-	-	-	9.41	-
Borrowings								
Kirtivardhan Finvest Services Limited	-	-	100.00	-	-	-	-	-

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

Signature to Note 1 to 45

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: Kolkata
Date: 17th June, 2020

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 THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated 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, 2020, 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, 2020 and their consolidated loss (including other 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

INDEPENDENT AUDITOR'S REPORT

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.

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)(i) 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

We did not audit the consolidated 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. 7,175.87 million as at March 31, 2020, total revenues of Rs. 6,449.56 million and net cash flow of Rs. 140.62 million for the year ended on that date, as considered in the consolidated financial statements which have been audited by their respective auditors.

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report on the financial statements of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Both the subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our report on the consolidated financial statement is not modified in respect this matter.

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 Companies (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, 2020 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, 2020 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 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 1.19 million which is held in abeyance due to pending legal cases.

For J K V S & CO
Chartered Accountants
Firm Registration No.318086E

(ABHISHEK MOHTA)
Partner
Membership No. 066653
UDIN: 20066653AAAACD2111

Place: Kolkata
Dated: 17th day of June, 2020

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") as of and for the year ended March 31, 2020 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 Board of Directors of the Holding Company is 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 holding company 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 holding company's 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 holding company has 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, 2020, 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

The subsidiaries of the Holding company are incorporated outside India accordingly the provisions of section 143(3) are not applicable to them.

Place: Kolkata
Dated: 17th day of June, 2020

For J K V S & CO
Chartered Accountants
Firm Registration No.318086E
ABHISHEK MOHTA
(Partner)
Membership No. 066653
UDIN: 20066653AAAACD2111

CONSOLIDATED BALANCE SHEET

As at 31st March 2020

(Rs. in million)

Particulars	Notes	As at 31 st March 2020	As at 31 st March 2019
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	8,553.47	8,064.81
(b) Capital Work-in-Progress		151.95	420.90
(c) Goodwill on Consolidation	5B	343.65	338.12
(d) Other Intangible Assets	5B	45.72	100.30
(e) Financial Assets			
(i) Investments	6A	234.21	427.42
(ii) Loans	7	2.36	1.09
(iii) Others	8	27.30	24.69
(f) Other Non-Current Assets	9	39.03	74.97
Total Non-Current Assets		9,397.69	9,452.30
Current Assets			
(a) Inventories	10	1,813.16	1,903.21
(b) Financial Assets			
(i) Investments	6B	21.02	47.76
(ii) Trade Receivables	11	1,439.29	1,457.19
(iii) Cash and Cash Equivalents	12A	362.21	194.46
(iv) Bank Balances other than (iii) above	12B	104.85	261.95
(v) Loans	7	2.38	2.53
(vi) Others	8	40.06	33.52
(c) Current Tax Assets (Net)	13	177.94	189.38
(d) Other Current Assets	9	379.33	465.77
Total Current Assets		4,340.24	4,555.77
Total Assets		13,737.93	14,008.07
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	14	218.49	218.49
Other Equity	15	5,466.66	5,766.50
Equity attributable to equity holders of the parent		5,685.15	5,984.99
Non-Controlling Interest		119.93	164.03
Total Equity		5,805.08	6,149.02
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	3,378.32	3,120.81
(ii) Other Financial Liabilities	17	58.13	58.89
(b) Provisions	18	78.81	69.65
(c) Deferred Tax Liabilities (Net)	19A	373.32	490.64
Total Non-Current Liabilities		3,888.58	3,739.99
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,555.74	1,425.92
(ii) Trade Payables	20		
Total outstanding dues of Micro and Small Enterprises		24.57	26.08
Total outstanding dues of others		1,570.11	1,446.51
(iii) Other Financial Liabilities	17	713.13	883.93
(b) Other Current Liabilities	21	130.94	280.48
(c) Provisions	18	49.78	56.14
Total Current Liabilities		4,044.27	4,119.06
Total Liabilities		7,932.85	7,859.05
Total Equity and Liabilities		13,737.93	14,008.07
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
Chartered Accountants
Firm Registration No.318086E
ABHISHEK MOHTA
Partner
Membership No. 066653
Place: Kolkata
Date: 17th June, 2020

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2020

(Rs. in million)

Particulars	Notes	For the year ended 31 st March 2020	For the year ended 31 st March 2019
INCOME			
Revenue from Operations	22	10,046.99	10,717.29
Other Income	23	218.22	122.50
Total Income		10,265.21	10,839.79
EXPENSES			
Cost of Materials Consumed		6,918.65	7,362.32
Purchase of Stock-in-Trade		-	91.88
Change in Inventories of Finished Goods and Work-in-Progress		(110.40)	(218.17)
Employee Benefit Expenses	24	1,590.64	1,505.47
Other Expenses	25	1,366.80	1,339.16
Expenses		9,765.69	10,080.66
Profit before Finance Costs, Depreciation & Amortisation, Exceptional Items and Tax		499.52	759.13
Finance Costs	26	367.21	360.11
Depreciation and Amortisation Expenses	5A, 5B	560.63	494.88
(Loss) before Exceptional Items and Tax		(428.32)	(95.86)
Exceptional Items	27	-	53.89
(Loss) before Tax		(428.32)	(149.75)
Tax Expenses:			
Current Tax		5.20	33.80
MAT Credit Entitlement		-	(18.27)
Deferred Tax		(116.54)	29.69
Tax for earlier years		(1.48)	(0.01)
(Loss) for the year		(315.50)	(194.96)
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(8.08)	(1.69)
(ii) Income tax relating to items that will not be reclassified to Profit & Loss		1.96	0.82
B (i) Items that will be reclassified to Profit or Loss	28B	(9.12)	(1.26)
(ii) Income tax relating to items that will be reclassified to Profit & Loss		1.06	0.14
Other Comprehensive Income for the Year (net of tax)		(14.18)	(1.99)
Total Comprehensive Income for the Year		(329.68)	(196.95)
(Loss) attributable to			
Owners of the Company		(257.90)	(149.25)
Non-Controlling Interest		(57.60)	(45.71)
Comprehensive Income attributable to			
Owners of the Company		(14.18)	(1.99)
Non-Controlling Interest		-	-
Total Comprehensive Income attributable to			
Owners of the Company		(272.08)	(151.24)
Non-Controlling Interest		(57.60)	(45.71)
Earning per Share (INR) - Basic & Diluted	29	(5.90)	(3.42)
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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: Kolkata
Date: 17th June, 2020

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 CHANGES IN EQUITY

For the year ended 31st March 2020

(Rs. in million)

(A) Equity Share Capital						
	Year ended 31 st March 2020			Year ended 31 st March 2019		
	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
Total	218.49	-	218.49	218.49	-	218.49

(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	Capital Redemption Reserve	Special Reserve	Retained Earnings	Equity Instruments					
As at 31st March 2018	34.17	161.50	72.69	31.67	5,539.61	5.25	7.83	(191.92)	5,660.80	60.39	5,721.19
Goodwill adjusted with Retained Earnings					(0.02)			(0.02)		-	(0.02)
Transfer to Retained Earnings				(31.67)	31.67				-	-	-
(Loss) 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	-	5,420.28	6.11	6.71	(191.92)	5,509.54	14.68	5,524.22
Received during the year		411.97							411.97		411.97
Adjustment for Non-controlling Interest					(25.31)				(25.31)	151.10	125.79
Dividend Paid					(65.54)				(65.54)		(65.54)
Dividend Distribution Tax					(13.47)				(13.47)		(13.47)
Foreign Currency translation adjustment					(59.91)			9.22	(50.69)	(1.75)	(52.44)
As at 31st March 2019	34.17	573.47	72.69	-	5,256.05	6.11	6.71	(182.70)	5,766.50	164.03	5,930.53
(Loss) for the year					(257.90)				(257.90)	(57.60)	(315.50)
Other Comprehensive Income					(4.05)	(2.07)	(8.06)	(14.18)			(14.18)
Total Comprehensive Income	34.17	573.47	72.69	-	4,994.10	4.04	(1.35)	(182.70)	5,494.42	106.43	5,600.85
Dividend Paid					(32.77)				(32.77)		(32.77)
Dividend Distribution Tax					(6.73)				(6.73)		(6.73)
Foreign Currency translation adjustment		52.12			(130.27)			89.89	11.74	13.50	25.24
As at 31st March 2020	34.17	625.59	72.69	-	4,824.33	4.04	(1.35)	(92.81)	5,466.66	119.93	5,586.59

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
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: Kolkata
Date: 17th June, 2020

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 CONSOLIDATED CASH FLOW

For the year ended 31st March 2020

(Rs. in million)

	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Exceptional Items and Tax	(428.32)	(95.86)
Adjustments for:		
Unrealized Debts and Claims written off	3.83	0.50
Provision for bad & doubtful Debts & Advances (Net)	(6.73)	0.92
Fair Value (Gain) on Foreign Exchange Forward Contracts	(6.88)	(6.17)
Finance Costs	367.21	360.11
Depreciation & Amortisation	560.63	494.88
(Profit)/Loss on Sale of Fixed Assets (Net)	(2.99)	2.52
(Gain) on Sale of Investments as FVTPL/FVTOCI (Net)	(9.93)	(1.16)
Interest Income	(35.47)	(45.65)
Fair Value (Gain)/Loss on Financial Instruments as FVTPL (Net)	14.27	(6.22)
Dividend Income	(0.16)	(4.78)
Liabilities Written back	(13.33)	(0.63)
Unrealised Foreign Exchange (Gain) (Net)	(250.35)	(169.91)
Operating Profit before Working Capital changes	191.78	528.55
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables (Net)	103.30	(97.75)
Inventories	90.05	(489.57)
Increase/ (Decrease) in Trade and other Payables (Net)	(82.37)	304.80
Cash generated from Operations	302.76	246.03
Income Tax (Paid)/Refund (net)	7.73	(30.83)
Net Cash from Operating Activities	310.49	215.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(471.40)	(1,164.61)
Sale of Fixed Assets	41.28	19.15
Purchase of Investments	(182.80)	(984.20)
Sale of Investments	386.95	1,116.67
Fixed Deposits & Margin Money (net)	156.72	97.34
Interest Received	36.48	47.35
Dividend Received	0.19	9.60
Net Cash used in Investing activities	(32.58)	(858.70)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	302.81	692.06
Proceeds from issue of equity in Subsidiary including premium (Net)	-	494.28
Dividend Paid (including Dividend Distribution Tax)	(39.50)	(79.01)
Finance Costs paid	(373.47)	(378.85)
Net Cash used in / from Financing activities	(110.16)	728.48
Net Increase/(Decrease) in Cash and Cash Equivalents	167.75	84.98
Cash and Cash Equivalents at the beginning of the year	194.46	109.48
Cash and Cash Equivalents at the end of the year (Note 12A)	362.21	194.46

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(N).

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

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: Kolkata
Date: 17th June, 2020

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

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 31 March 2020. 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 17th June 2020.

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. 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 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 or liabilities are classified as non-current assets or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 Softwares	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

Effective April 1, 2019, the Group has applied Ind AS 116 'Leases' which establishes the criteria to determine the contracts having lease component within them. Ind AS 116 replaces Ind AS 17 'Leases'.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as non-cancellable period of a lease, together with both the periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

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).

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. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 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. 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. 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.

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. 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.

Derecognition:

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 liability (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 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 the Statement of Profit and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 i.e. tax base.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Revenue Recognition

I. Revenue from Contract with Customer:

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: Revenue from sale of services is recognized when the Group has an enforceable right to receive payment for services rendered.

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/acrued 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. 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 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.

P. 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.

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 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.

NOTES TO THE CONSOLIDATED 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 Consolidated financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

T. Recent applicable Accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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 Group 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 group 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 group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Refer Note 38 for further disclosures.

(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 01.04.19	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.20	As at 01.04.19	For the Year*	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.20	As at 31.03.20
Land & Site Development:											
Freehold	760.36	64.77	0.52	-	825.65	-	-	-	-	-	825.65
Leasehold	1,087.07	-	25.99	-	1,113.06	59.63	15.01	1.57	-	76.21	1,036.85
Buildings	2,244.21	123.22	78.94	1.87	2,444.50	216.59	80.96	5.13	0.70	301.98	2,142.52
Plant & Equipment	5,356.21	495.94	191.97	29.20	6,014.92	1,239.56	379.87	30.67	9.85	1,640.25	4,374.67
Furniture & Fixtures	63.59	22.03	2.81	0.19	88.24	26.10	9.10	1.06	0.08	36.18	52.06
Vehicles & Fork Lifts	87.29	24.07	4.23	5.03	110.56	26.77	16.77	1.73	1.58	43.69	66.87
Office Equipment	118.11	32.65	7.60	0.92	157.44	83.38	12.95	6.94	0.68	102.59	54.85
Total	9,716.84	762.68	312.06	37.21	10,754.37	1,652.03	514.66	47.10	12.89	2,200.90	8,553.47

	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	4,881.25	451.35	75.21	51.60	5,356.21	948.16	340.79	(13.09)	36.30	1,239.56	4,116.65
Furniture & Fixtures	56.67	7.16	0.96	1.20	63.59	18.57	8.68	(0.01)	1.14	26.10	37.49
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
Total	8,796.10	867.76	119.52	66.54	9,716.84	1,266.63	443.61	(13.34)	44.87	1,652.03	8,064.81

*Refer note 32.

5B: Intangible Assets

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.19	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.20	As at 01.04.19	For the Year	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.20	As at 31.03.20
Goodwill	338.12	-	5.53	-	343.65	-	-	-	-	-	343.65
Computer Software	125.96	1.55	3.93	-	131.44	104.33	13.31	3.34	-	120.98	10.46
Product Development	401.24	-	50.77	25.63	426.38	322.57	36.19	44.02	11.66	391.12	35.26
Total	865.32	1.55	60.23	25.63	901.47	426.90	49.50	47.36	11.66	512.10	389.37

	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	0.02	338.12	-	-	-	-	-	338.12
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
Total	843.78	17.73	3.83	0.02	865.32	370.15	55.66	1.09	-	426.90	438.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6: Investments

(Rs. in million)

	31 st March 2020			31 st March 2019		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(A) Non-Current Investments:						
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.00
HDFC Bank Ltd.	1	5,000	4.31	2	2,500	5.80
Bank of India	10	9,000	0.29	10	9,000	0.94
NMDC Limited	1	8,000	0.64	1	8,000	0.84
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
BEIL 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
Debenture/Bonds, Fully Paid (Quoted)						
8.75% National Highway Authorities of India	-	-	-	1,000	40,000	48.68
Total Investments at Fair Value through OCI			13.60			64.62

Investments at Fair Value through PL						
Preference Shares, Fully Paid (Quoted)						
16.06% Infrastructure Leasing & Financial services Limited	4,000	4,000	30.00	7,500	4,000	30.00
Mutual Funds (Quoted)						
ICICI Prudential Value Discovery Fund - Dividend	-	-	-	10	363,701	9.63
ICICI Prudential Ultra Short Term Fund-Growth	-	-	-	10	845,255	15.96
HDFC Midcap Opportunities Fund - Dividend	-	-	-	10	412,969	11.76
Reliance Vision Fund-Dividend	-	-	-	10	90,879	3.32
Reliance Multi Cap Fund-Dividend	-	-	-	10	99,095	2.83
Reliance Dynamic Bond Fund - Growth	-	-	-	10	635,272	15.61
IDFC Dynamic Bond Fund -Growth	-	-	-	10	372,926	8.33
Franklin India Govt. Security Fund - Growth	-	-	-	10	372,394	15.40
Franklin India Blue chip Fund-Dividend	-	-	-	10	262,533	10.02
Templeton India Value Fund - Dividend	-	-	-	10	184,955	11.53
Alternative Investment Funds (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.2	6	9,313,812	55.27	8	9,313,812	74.59
IIFL Real Estate Fund (Domestic) Sr.3	9	5,365,000	38.35	9	5,365,000	54.70
IIFL Seed Venture Fund	9	2,279,590	55.22	10	2,279,590	44.96
ICICI Prudential Real Estate AIF-II	100	161,573	13.79	100	373,935	37.28
Chiratae Trust	100,000	176	27.98	1,00,000	132	16.88
Total Investments at Fair Value through PL			220.61			362.80
Total Non Current Investments (A)			234.21			427.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

	31 st March 2020			31 st March 2019		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(B) Current Investments:						
Investments at Fair Value through PL						
Alternative Investment Fund (Unquoted)						
IIFL Income Opportunities Fund Series-Special Situations	4	4,776,976	21.02	4	4,776,976	21.05
Mutual Funds (Unquoted)						
Franklin India Ultra Short Bond Fund-Super Ins.-Growth	-	-	-	10	1,016,933	26.71
Total Investments at Fair Value through PL			21.02			47.76
Total Current Investments (B)			21.02			47.76

	Non-Current	Current	Non-Current	Current
Aggregate book value of quoted investments	35.24	-	190.65	-
Aggregate market value of quoted investments	35.24	-	190.65	-
Aggregate value of unquoted investments	198.97	21.02	236.77	47.76

7: Loans

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
(Unsecured considered good)				
Other Loans				
Loan to Employees	2.36	2.38	1.09	2.53
Total Loans	2.36	2.38	1.09	2.53

8: Other Financial Assets

(Unsecured considered good)				
Security Deposits	27.30	2.86	24.69	1.81
Export Benefits and Claims Receivable	-	34.11	-	27.58
Interest and Dividend Receivable	-	3.09	-	4.13
Total Other Financial Assets	27.30	40.06	24.69	33.52

9: Other Assets

(a) Capital Advances	0.82	-	29.39	-
(b) Advances other than Capital Advances				
(i) Other Advances	38.21	149.51	45.58	138.26
(ii) Balance with Government Authorities	-	229.82	-	327.51
Total Other Assets	39.03	379.33	74.97	465.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10: Inventories

(Rs. in million)

	31 st March 2020	31 st March 2019
(At lower of cost and net realisable value)		
Raw Materials	873.62	1,239.22
Raw Materials in Transit	147.53	-
Work-in-Progress	191.61	200.69
Finished Goods	463.57	332.22
Goods in Transit	3.88	8.54
Stores & Spare Parts	132.95	122.54
Total Inventories	1,813.16	1,903.21

11: Trade Receivables

Secured, considered good	2.37	2.37
Unsecured, considered good	1,436.57	1,452.96
With Significant Increase in Credit risk	4.71	12.74
Less: Allowance for bad & doubtful Debts	4.36	10.88
Total Trade Receivables	1,439.29	1,457.19

12A: Cash and Cash Equivalent

Balances with Banks:		
On Current Accounts	359.84	148.06
Remittance in Transit	-	44.39
Cash on hand	2.37	2.01
Total Cash and Cash equivalent	362.21	194.46

12B: Other Bank Balances

Earmarked balances with Banks (Unpaid Dividend Account)	5.48	5.86
Bank Deposits (held as security)	99.37	256.09
Total Other Bank Balances	104.85	261.95

13: Current Tax Assets

Income Tax Payments and Tax (net of provision)	177.94	189.38
Total Current Tax Assets	177.94	189.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14: Equity Share Capital

(Rs. in million)

	31 st March 2020		31 st March 2019	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid				
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
Total		218.49		218.49

(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 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

	31 st March 2020		31 st March 2019	
	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 st March 2020		31 st March 2019	
	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15: Other Equity

(Rs. in million)

	31 st March 2020		31 st March 2019	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium				
As per last Balance Sheet	573.47		161.50	
Add: Foreign Currency Translation adjustment	52.12	625.59	411.97	573.47
Special Reserve				
As per last Balance Sheet	-		31.67	
Loss: Transfer to Retained Earnings	-	-	31.67	-
Retained Earnings				
As per last Balance Sheet	5,256.05		5,539.61	
Goodwill adjusted with Retained Earnings	-		(0.02)	
Add : Transfer from special Reserve	-		31.67	
Add : (Loss) for the Year	(257.90)		(149.25)	
Add : Actuarial gain/(loss) on Defined Benefit Plan (Net)	(4.05)		(1.73)	
Add : Foreign Currency Translation adjustment	(130.27)		(59.91)	
Less: Adjustment for Non-controlling Interest	-		(25.31)	
Less : Dividend	(32.77)		(65.54)	
Less : Dividend Distribution Tax	(6.73)	4,824.33	(13.47)	5,256.05
Foreign Currency Translation Reserve				
As per last Balance Sheet	(182.70)		(191.92)	
Add: Foreign Currency Translation adjustment	89.89	(92.81)	9.22	(182.70)
Other Comprehensive Income (OCI)				
As per last Balance Sheet	12.82		13.08	
Add : Movement in OCI (Net) during the year	(10.13)	2.69	(0.26)	12.82
Total Other Equity		5,466.66		5,766.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16: Borrowings

(Rs. in million)

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans				
From Banks/Financial Institution ¹	2,436.64	459.99	2,367.87	498.63
Loans Repayable on Demand				
From Banks ²		1,152.70		1,350.11
Buyer's Credit				
From Banks ²		61.49		75.81
Short Term Loan				
From Body Corporate ³		76.55		-
Unsecured				
Term Loans				
From Banks	754.41	-	640.17	-
From Government	79.26	-	57.55	-
From Body Corporate	108.01	-	55.22	45.89
Short Term Loans				
From Related Party		100.00		
From Bodies Corporate		165.00		-
	3,378.32	2,015.73	3,120.81	1,970.44
Amount Disclosed under other financial Liabilities (Refer Note 17)	-	(459.99)	-	(544.52)
Total Borrowings	3,378.32	1,555.74	3,120.81	1,425.92

¹ Term Loan of Rs. 68.99 million secured by Fixed Deposits, of Rs. 703.54 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 Naidupet & Vizag Division, both present and future, of Rs. 1,620.83 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, of Rs. 266.43 million secured by Land & Building of APAG Elektronik s.r.o., Czech Republic and Rs. 236.84 million secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic

² Loan of Rs. 334.57 million secured by hypothecation of Current Assets of the Company, of Rs. 280.06 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, Ethiopia and Loan of Rs. 599.56 million secured by Inventories and Trade Receivables of APAG Elektronik s.r.o., Czech Republic

³ Secured by pledge of units of alternative investment funds of Rs. 169.86 million.

17 : Other Financial Liabilities

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Debts (Refer Note 16)	-	459.99	-	544.52
Interest Accrued	-	38.70	-	27.80
Interest Accrued due to Others	-	-	-	-
Security Deposit	-	10.20	-	7.98
Liabilities for Capital Goods	-	24.67	-	50.03
Leasehold Land Obligations Payable	32.78	3.84	38.49	4.02
Unpaid Dividend ¹	-	5.48	-	5.86
Employee related Liabilities	-	69.65	-	102.29
Other Liabilities	25.35	100.60	20.40	141.43
Total Other Financial Liabilities	58.13	713.13	58.89	883.93

¹ These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 1.19 million (previous year Rs. 1.07 million) which is held in abeyance due to legal case pending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18: Provisions

(Rs. in million)

	31 st March 2020		31 st March 2019	
	Non-Current	Current	Non-Current	Current
Provision for Gratuity	78.81	11.65	69.65	12.15
Provision for Accrued Leave	-	38.13	-	43.99
Total Provisions	78.81	49.78	69.65	56.14

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 st April 2019	Profit & Loss (Net)	OCI (Net)	31 st March 2020
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	745.86	(23.20)	-	722.66
Fair Value of Investments	6.62	(3.03)	(1.32)	2.27
Deferred Tax Assets				
MAT Credit Entitlement	172.35	-	-	172.35
Unabsorbed Business Losses/Depreciation	33.35	106.01	-	139.36
Expenses relating to Retirement Benefits	38.82	(3.07)	1.70	37.45
MTM Adjustment on Forward Contracts	3.44	(2.42)	-	1.02
Others	13.88	(12.45)	-	1.43
Net Deferred Tax Liabilities	490.64	(114.30)	(3.02)	373.32

	1 st April 2018	Profit & Loss (Net)	OCI (Net)	31 st March 2019
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	735.17	10.69	-	745.86
Fair Value of Investments	8.52	(1.87)	(0.03)	6.62
Deferred Tax Assets				
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
Net Deferred Tax Liabilities	479.63	11.40	(0.39)	490.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20: Trade Payable

(Rs. in million)

	31 st March 2020	31 st March 2019
Trade Payable		
Total outstanding dues of Micro and small Enterprises	24.57	26.08
Total outstanding dues of creditors other than Micro and small Enterprises	1,570.11	1,446.51
Total Trade Payables	1,594.68	1,472.59
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.		
i. Principal	24.57	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 st March 2020	31 st March 2019
Statutory Liabilities	109.18	210.46
Customers' Credit Balances	21.76	70.02
Total Other Current Liabilities	130.94	280.48

22: Revenue from Operations

	31 st March 2020	31 st March 2019
(a) Sale of Products		
Manufactured products		
Alco Chemicals	3,545.98	4,294.01
Solar Power (refer note 35)	23.61	31.83
Electronic Automotive	5,024.43	5,093.11
Textile	1,272.84	1,014.06
	9,866.86	10,433.01
Trade Products		
Methanol	-	95.59
(b) Sale of Services	125.79	115.15
Total Sale	9,992.65	10,643.75
(c) Other Operating Revenues		
Miscellaneous Sales	30.09	52.01
Renewal Energy Certificate benefits	9.37	11.74
Insurance and other claims	1.17	-
Export benefits	4.34	3.21
Others	9.37	6.58
Total Other Operating Revenues	54.34	73.54
Total Revenue from Operations	10,046.99	10,717.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23: Other Income

(Rs. in million)

	31 st March 2020	31 st March 2019
Interest Income		
On Investments	14.02	17.78
From Others	21.45	27.87
Dividend Income	0.16	4.78
Gain on Sale of Investments classified as FVTPL (Net)	1.62	1.16
Gain on sale of Debt Securities classified as FVTOCI	(0.81)	-
Gain on reclassification of FVTOCI Debt Securities	9.12	-
Fair value gain on Financial Instruments classified as FVTPL (Net)	(14.27)	6.22
Profit/(Loss) on Fixed Assets sold/discarded (Net)	2.99	(2.52)
Fair value gain on Foreign Exchange Forward Contracts	6.88	6.17
Rent Income	3.01	2.22
Foreign Exchange Rate Fluctuation (Net)	135.23	37.76
Other non Operating Income	38.82	21.06
Total Other Income	218.22	122.50

24 : Employee Benefits Expense

	31 st March 2020	31 st March 2019
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	1,321.59	1,249.74
Contribution to Provident Fund etc.	206.65	196.41
Staff Welfare Expenses	62.40	59.32
Total Employee Benefits Expense	1,590.64	1,505.47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25: Other Expenses

(Rs. in million)

	31 st March 2020	31 st March 2019
Consumption of Stores & Spare parts etc.	229.68	192.91
Other Manufacturing Expenses	48.37	149.98
Power & Fuel	365.13	343.65
Repairs to -		
Plant & Machinery	74.76	59.87
Buildings	6.42	6.15
Others	20.70	20.55
Water Charges & Cess	28.14	22.74
Rates & Taxes	15.35	13.96
Rent	47.18	60.65
Insurance	41.87	29.70
Legal and Professional Charges	114.37	69.94
Miscellaneous Expenses	159.44	111.45
CSR Expenditure	0.95	2.71
Commission & Brokerage to Others	47.77	54.03
Freight, Handling & Other Charges	81.58	110.87
Directors' Fees	1.54	1.70
Travelling Expenses	43.31	50.16
Charity & Donations	0.21	0.01
Directors' Remuneration	31.80	30.29
Provision for bad & doubtful Debts & Advances (net)	(6.73)	0.92
Unrealized Debts and Claims written off	3.83	0.50
Payment to Auditors	11.13	6.42
Total Other Expenses	1,366.80	1,339.16

Additional Information regarding Payment to Auditors

	31 st March 2020	31 st March 2019
(a) Statutory Auditors		
Audit Fees	9.34	3.82
For Certificates & Others	1.52	2.29
For Travelling and out of pocket expenses	0.11	0.15
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.01	0.01
Total payment to Auditors	11.13	6.42

26: Finance Costs

	31 st March 2020	31 st March 2019
Interest expense	317.03	319.16
Exchange difference regarded as an adjustment to Borrowing Cost	20.92	13.49
Bank/Finance charges	29.26	27.46
Total Finance Cost	367.21	360.11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27: Exceptional Items

(Rs. in million)

	31 st March 2020	31 st March 2019
(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
Total Exceptional Items	-	53.89

28: Other Comprehensive Income (OCI)

	31 st March 2020	31 st March 2019
A. Items that will not be reclassified to Profit or Loss (PL)-		
1. Actuarial Gain/(Loss) on Defined Benefit Obligations	(5.75)	(2.66)
Current Tax	-	0.57
MAT Credit Entitlement	-	(0.57)
Deferred Tax	1.70	0.93
2. Net Gain/(Loss) on FVTOCI Equity Securities	(2.33)	0.97
Deferred Tax	0.26	(0.11)
Net OCI not to be reclassified to PL-	(6.12)	(0.87)
B. Items that will be reclassified to Profit or Loss (PL)-		
1. Net Gain/(Loss) on FVTOCI Debt Securities	-	(1.26)
Deferred Tax	-	0.14
2. (Gain)/Loss transferred to PL upon Recycling of FVTOCI Debt Instruments	(9.12)	-
Deferred Tax	1.06	-
Net OCI to be reclassified to PL	(8.06)	(1.12)
Other Comprehensive Income for the year, net of tax	(14.18)	(1.99)

29: Earnings per Share (EPS)

	31 st March 2020	31 st March 2019
Details for calculation of Basic and Diluted Earning per Share:		
(Loss) after Tax as per Statement of Profit and Loss	(257.90)	(149.25)
Weighted average number of Equity Share (Numbers)	43,693,333	43,693,333
Basic and Diluted Earning per Share (Rs.)	(5.90)	(3.42)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30: Commitments and Contingencies

(Rs. in million)

	31 st March 2020	31 st March 2019
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as debt		
Excise Duty Demands (paid Rs. 9.32 million)	11.38	13.14
Sales Tax Demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax Demands (paid Rs. 55.54 million)	111.22	55.54
Other Claims being disputed by the Company (paid Rs. 1.50 million)	5.56	5.56
(b) Outstanding Bank Guarantees	51.15	42.76
(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.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4.21	101.26
Advances paid	0.82	29.39
(b) Uncalled Liability on Investments	5.40	9.80

31: Distribution Proposed:

	31 st March 2020	31 st March 2019
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31 March 2020: Nil (31 March 2019: INR 0.75 per share)	-	32.77
DDT on proposed dividend	-	6.73
	-	39.50

32: Details of pre-operative expenses capitalised:

	31 st March 2020	31 st March 2019
Cost of Materials Consumed	2.85	-
Employees Benefits Expenses	8.69	20.02
Other Expenses	10.54	8.12
Finance Costs	17.16	9.23
Depreciation and Amortisation Expenses	3.53	4.39
	42.77	41.76
Less: Revenue from Trial Run	0.23	-
Trial Run Inventory	3.57	-
	38.97	41.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33: The spread of COVID-19 has severely impacted businesses around the globe. The group with its operations spread across continents has witnessed a slowdown/suspension of the business activities during March 2020 quarter on the basis of advisories issued from time to time in the various geographies in which it operates as also following business prudence to contain the spread of pandemic. As a result while the revenue and profitability had an adverse impact, it is not possible to ascertain the exact quantum thereof. The operations have since commenced/ramped up in a phased manner since April/May 2020 in consonance with applicable guidelines.

Given the uncertainty of a quick turnaround to normalcy, the company, based on the internal and external sources of information and application of reasonable estimates, has carried out an assessment of possible impact of COVID-19 on various elements of financial statements. The Company does not foresee any significant incremental risk to the recoverability of its assets or generation of revenue in the foreseeable future. Since the situation is continuously evolving, the eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

34: 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
- V. Textile

(Rs. in million)

Business Segment	Year ended 31 st March 2020				
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total
Segment Revenue					
Revenue from Operations	3,564.45	32.98	5,159.70	1,289.86	10,046.99
Segment Result	23.87	(18.18)	(227.88)	109.63	(112.56)
Less: (i) Finance Costs					367.21
(ii) Exceptional Items					-
(iii) Other Un-allocable expenditure net off Un-allocable income					(51.45)
(Loss) before Tax					(428.32)
Tax Expense					(112.82)
Net (Loss) :					(315.50)
Segment Assets	5,177.79	225.83	3,688.24	3,487.63	12,579.49
Un-allocable Corporate Assets					1,158.44
Total Assets:					13,737.93
Segment Liabilities	802.38	10.46	897.90	296.69	2,007.43
Un-allocable Corporate Liabilities					5,925.42
Total Liabilities:					7,932.85
Other Disclosures					
Capital Expenditure	270.31	7.95	190.67	12.88	481.81
Un-allocable Capital Expenditure					13.47
Total Capital Expenditure:					495.28
Depreciation & Amortization	166.10	34.08	248.26	100.91	549.35
Un-allocable Depreciation					11.28
Total Depreciation & Amortization:					560.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Business Segment	Year ended 31 st March 2019				
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Total
Segment Revenue					
Revenue from Operations	4,431.46	43.57	5,219.59	1,022.67	10,717.29
Segment Result	202.45	(8.82)	33.58	38.78	265.99
Less: (i) Finance Costs					360.11
(ii) Exceptional Items					53.89
(iii) Other Un-allocable expenditure net off Un-allocable income					1.74
(Loss) before Tax					(149.75)
Tax Expense					45.21
Net (Loss) :					(194.96)
Segment Assets	4,824.23	233.67	3,988.36	3,445.98	12,492.24
Un-allocable Corporate Assets					1,515.83
Total Assets:					14,008.07
Segment Liabilities	586.76	12.62	1,228.31	355.56	2,183.25
Un-allocable Corporate Liabilities					5,675.80
Total Liabilities:					7,859.05
Other Disclosures					
Capital Expenditure	322.64	0.58	787.13	29.30	1,139.65
Un-allocable Capital Expenditure					46.51
Total Capital Expenditure:					1,186.16
Depreciation & Amortization	156.63	34.12	196.69	97.65	485.09
Un-allocable Depreciation					9.79
Total Depreciation & Amortization:					494.88

(B) Secondary Segment information

Geographical Segment == =>	Year ended 31 st March 2020			Year ended 31 st March 2019		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	3,458.54	6,588.45	10,046.99	4,375.96	6,341.33	10,717.29
Segment Assets	6,528.88	7,209.05	13,737.93	6,557.45	7,450.62	14,008.07
Segment Liabilities	6,712.75	1,220.10	7,932.85	2,354.52	5,504.53	7,859.05
Capital Expenditure	291.73	203.55	495.28	369.73	816.43	1,186.16

(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 & Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing, Electronic Automotive business includes electronic & mechatronic modules etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35: During the year, the solar power plant of the company has been supplying power to Jodhpur Vidyut Vitran Nigam Limited, however, no billing for the same has been done due to non-finalization of the tariff. Sale of Solar Power for the entire year has been recognized based on the tariff declared by Rajasthan Electricity Regulatory Commission vide order dated 5th March, 2019 and the corresponding receivable has been grouped with Trade Receivable.

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. 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 st March 2020	31 st March 2019
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	81.80	74.83
- Current Service Cost	5.42	4.55
- Interest Expense or Cost	6.31	5.68
- Actuarial (gains) / losses arising from:		
change in financial assumptions	5.18	(0.44)
experience variance	0.57	3.10
- Benefits paid	(8.82)	(5.92)
- Present Value of Obligation as at the end	90.46	81.80
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	5.42	4.55
- Interest Expense or Cost	6.31	5.68
Total	11.73	10.23
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in financial assumptions	5.18	(0.44)
experience variance	0.57	3.10
Total	5.75	2.66
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	6.70%	7.70%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 2012-14)(previous year % of IALM 2006-08)	100.00%	100.00%
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 st March 2020	31 st March 2019
Discount rate increase by 1%	(85.38)	(77.74)
Discount rate decrease by 1%	96.19	86.36
Salary Growth rate increase by 1%	96.12	86.35
Salary Growth rate decrease by 1%	(85.35)	(77.68)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	6 Years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	11.65
2 to 5 year	58.38
6 to 10 year	24.57
More than 10 year	54.79

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. 206.65 million (previous year Rs. 196.41 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37: 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	
			31 st March 2020	31 st March 2019
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	84.45%	84.45%
APAG Holding AG	Subsidiary	Switzerland	80.00%	80.00%

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, 2020 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	
			31 st March 2020	31 st March 2019
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%

38: Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2019-2020		2019-2020		2019-2020		2019-2020	
	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
Parent Kanoria Chemicals & Industries Limited	64.93%	3,769.21	-24.31%	(76.70)	-100.00%	(14.18)	-27.57%	(90.88)
Subsidiaries								
Foreign								
Kanoria Africa Textiles PLC	21.23%	1,232.57	-6.32%	(19.94)	-	-	-6.05%	(19.94)
APAG Holding AG (Consolidated)	11.77%	683.37	-51.11%	(161.26)	-	-	-48.91%	(161.26)
Non controlling interest in all subsidiaries	2.07%	119.93	-18.26%	(57.60)	-	-	-17.47%	(57.60)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in million)

Name of the Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2018-2019		2018-2019		2018-2019		2018-2019	
	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
Parent								
Kanoria Chemicals & Industries Limited	67.90%	4,174.79	13.03%	25.40	-100.00%	(1.99)	11.89%	23.41
Subsidiaries								
Foreign								
Kanoria Africa Textiles PLC	16.05%	987.45	-79.53%	(155.05)	-	-	-78.73%	(155.05)
APAG Holding AG (Consolidated)	13.38%	822.75	-10.05%	(19.60)	-	-	-9.95%	(19.60)
Non controlling interest in all subsidiaries	2.67%	164.03	-23.45%	(45.71)	-	-	-23.21%	(45.71)

39: Category-wise classification of Financial Instruments

	Refer Note	Non-Current		Current	
		31 st March 2020	31 st March 2019	31 st March 2020	31 st March 2019
Financial Assets					
Measured at amortised cost					
Trade Receivables	11	-	-	1,439.29	1,457.19
Cash and cash equivalents	12A	-	-	362.21	194.46
Other Bank balances	12B	-	-	104.85	261.95
Loans	7	2.36	1.09	2.38	2.53
Other Financial Assets	8	27.30	24.69	40.06	33.52
Measured at fair value through profit or loss					
Investments	6A & B	220.61	362.80	21.02	47.76
Measured at fair value through other comprehensive income					
Investments	6A	13.60	64.62	-	-
Total Financial Assets		263.87	453.20	1,969.81	1,997.41
Financial Liabilities					
Measured at amortised cost					
Borrowings	16	3,378.32	3,120.81	2,015.73	1,970.44
Trade Payables	20	-	-	1,594.68	1,472.59
Other Financial Liabilities	17	58.13	55.43	250.10	329.75
Measured at fair value through profit or loss					
Other Financial Liabilities	17	-	3.46	3.04	9.66
Total Financial Liabilities		3,436.45	3,179.70	3,863.55	3,782.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40: 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 st March 2020			Fair value hierarchy as at 31 st March 2019		
	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)
Financial assets measured at fair value through profit or loss						
Quoted Preference shares	30.00	-	-	30.00	-	-
Quoted Mutual funds	-	-	-	104.39	-	-
Unquoted Mutual funds	-	-	-	-	26.71	-
Unquoted Alternate Investment funds	-	211.63	-	-	249.46	-
Unquoted Equity funds	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	5.24	-	-	7.58	-	-
Unquoted Equity Shares	-	-	8.36	-	-	8.36
Quoted Debentures/Bonds	-	-	-	48.68	-	-
Financial liabilities measured at fair value through profit or loss						
Forward Exchange contract (Net)	3.04	-	-	13.12	-	-

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.

41: 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 st March 2020						31 st March 2019					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	JPY	INR
Foreign Currency Receivable/ (Payable) (Net)	8.44	635.88	4.53	376.46	(31.41)	(21.88)	7.04	486.84	2.98	231.79	(13.39)	(8.37)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		31.79		18.82		(1.09)		24.34		11.59		(0.42)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(31.79)		(18.82)		1.09		(24.34)		(11.59)		0.42

Total hedged foreign currency payable (net) - USD 0.17 million equivalent to Rs. 12.55 million (Previous year USD 0.50 million equivalent to Rs. 34.58 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:

	31 st March 2020		31 st March 2019	
Consumption of Methanol	1,827.46		2,368.57	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(91.37)	91.37	(118.43)	118.43

(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.

	31 st March 2020		31 st March 2019	
Investment	255.23		332.95	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	12.76	(12.76)	16.65	(16.65)

(ii) Credit risk

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 analyses 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 years	Over 5 years	Total	Carrying value
As at 31st March, 2020					
Borrowings (refer note 16)	1,939.18	2,102.95	1,305.61	5,347.74	5,394.05
Trade payable (refer note 20)	1,594.68	-	-	1,594.68	1,594.68
Other financial liabilities (refer note 17)	253.14	26.20	118.32	397.66	311.27
As at 31st March, 2019					
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

42: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43: 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. 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. Sidharth 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	2019-20				2018-19			
	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Dividend Paid								
Vardhan Limited	19.64	-	-	-	39.29	-	-	-
R V Investment & Dealers Limited	-	-	2.41	-	-	-	4.82	-
Kirtivardhan Finvest Services Limited	-	-	0.87	-	-	-	1.73	-
Mr. R. V. Kanoria	-	0.35	-	-	-	0.69	-	-
Mr. S. V. Kanoria	-	0.42	-	-	-	0.83	-	-
Mr. A. Vellayan	-	0.01	-	-	-	0.02	-	-
Mrs. M. Kanoria	-	0.37	-	-	-	0.75	-	-
Mr. A. V. Kanoria	-	0.33	-	-	-	0.65	-	-
Directors' Fees								
Mr. Amitav Kothari	-	0.28	-	-	-	0.29	-	-
Mr. H.K. Khaitan	-	0.33	-	-	-	0.34	-	-
Mr. Ravinder Nath	-	0.12	-	-	-	0.19	-	-
Mr. G. Parthasarathy	-	0.24	-	-	-	0.24	-	-
Mr. Sidharth K Birla	-	0.21	-	-	-	0.17	-	-
Mr. A. Vellayan	-	0.20	-	-	-	0.10	-	-
Mrs. M. Kanoria	-	0.16	-	-	-	0.21	-	-
Remuneration								
Mr. R. V. Kanoria	-	21.14	-	-	-	20.85	-	-
Mr. S. V. Kanoria	-	10.66	-	-	-	9.44	-	-
Mrs. V. Kanoria	-	2.80	-	-	-	3.25	-	-
Mr. A. V. Kanoria	-	28.41	-	-	-	26.24	-	-
Purchases of Raw Material								
KPL International Limited	-	-	5.77	-	-	-	147.98	-
Purchase of PPE								
Kirtivardhan Finvest Services Limited	-	-	-	-	-	-	43.21	-
KPL International Limited	-	-	0.64	-	-	-	162.39	-
Purchases of Spare Parts								
KPL International Limited	-	-	2.80	-	-	-	-	-
Commission Paid								
KPL International Limited	-	-	27.82	-	-	-	24.60	-
Rent received								
KPL International Limited	-	-	1.02	-	-	-	1.02	-
Borrowings								
Kirtivardhan Finvest Services Limited	-	-	100.00	-	-	-	-	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	7.27	-	-	-	7.19
Balances as at 31st March								
Remuneration								
Mrs. V. Kanoria	-	-	-	-	-	0.32	-	-
Creditor								
KPL International Limited	-	-	12.57	-	-	-	85.56	-
Borrowings								
Kirtivardhan Finvest Services Limited	-	-	100.00	-	-	-	-	-

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

Signature to Note 1 to 44

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: Kolkata
Date: 17th June, 2020

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM AOC-1: Statement containing Salient Features of Financial Statements of Subsidiary/Associates/Joint Ventures for the year ended 31st March, 2020, 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	Kanoria Africa Textiles Plc	APAG Holding AG (Consolidated)
Country of incorporation	Ethiopia	Switzerland
The Date since when subsidiary was acquired	23.07.2012	02.05.2012
Principal Business Activities	Textile	Electronic Automotive
Reporting Currency	USD	CHF
Exchange Rate as on 31.3.2020	Rs. 75.3859	Rs. 78.3153
(a) Equity Share Capital	1,387.10	29.37
(b) Other Equity	(1,119.09)	282.88
(c) Total Assets	3,487.63	3,688.24
(d) Total Liabilities	3,219.61	3,375.99
(e) Turnover	1,289.85	5,159.70
(f) (Loss) before Taxation	(86.88)	(277.19)
(g) Provision for Taxation	-	(56.72)
(h) (Loss) after Taxation	(86.88)	(220.47)
(i) Other comprehensive income for the year (net of tax)	-	-
(j) Total comprehensive income for the year	(86.88)	(220.47)
(k) Proposed Dividend	-	-
(l) % of Shareholding	84.45%	80.00%

PART "B" : Associates/Joint Ventures - Not Applicable

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

Place: Kolkata
Date: 17th June, 2020



Kanoria 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

www.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 60th Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited** will be held on **Tuesday, the 15th September, 2020 at 11.00 A.M.** through Video Conference ("VC")/Other Audio Visual Means ("OAVM") to transact 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 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. V. Kanoria (DIN: 02097441), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following resolution:

3. 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 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 2021, 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: 17th June 2020

By Order of the Board of Directors

N. K. Sethia
Company Secretary
Membership No.: F3522



NOTES

1. In view of the continuing COVID-19 pandemic and restrictions imposed on the movement of people, the Ministry of Corporate Affairs (“MCA”) vide its Circular dated 5th May 2020 read with Circulars dated 8th April 2020 and 13th April 2020 (collectively referred to as “MCA Circulars”) has permitted the holding of the Annual General Meeting (“AGM”) through Video Conference/Other Audio Visual Means, without the physical presence of the Members at a common venue.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, the 60th AGM of the Company will be conducted through Video Conference (“VC”) / Other Audio Visual Means (“OAVM”). In terms of the aforesaid Circulars, the businesses set out in the Notice will be transacted by the Members only through remote e-voting or through the e-voting system provided during the Meeting while participating through VC/OAVM facility. Further, for the purpose of technical compliance of the provisions of Section 96(2) of the Companies Act, 2013, the registered office of the Company, where the Company is domiciled, is deemed to be the place of holding of the AGM. The detailed procedure for participating in the AGM through VC/OAVM is provided in note no.7 to this Notice.

2. Company has engaged the services of National Securities Depository Limited (“NSDL”) as the Agency for providing facility for remote e-voting, participation in the AGM through VC/OAVM and e-voting during the AGM in terms of said MCA Circulars.
3. 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. Information in respect of Shri S. V. Kanoria seeking appointment on retirement as rotational Director as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 are provided in note no. 17 to this Notice.
4. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. Pursuant to Section 113 of the Companies Act, 2013, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM and vote on its behalf. The said Resolution/Authorization shall be sent by its registered e-mail address to the Scrutinizer of the Company at kanoriachemscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

6. DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL Ids:

- i) In compliance with MCA Circular No. 20/2020 dated 5th May, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 and owing to the difficulties involved in dispatching of physical copies of the financial statements including Board's Report, Auditor's Report or other documents required to be attached therewith (together referred to as Annual Report), the Annual Report for FY 2019-20 and Notice of AGM inter-alia, indicating the process and manner of voting through electronic means are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
- ii) The Companies Act, 2013 in line with the measures undertaken by the Ministry of Corporate Affairs for promotion of Green Initiative, has introduced enabling provisions for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com. Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.
- iii) The Notice of the AGM and the Annual Report of the Company for the Financial Year 2019-20 are available on the website of the Company at www.kanoriachem.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

7. PROCEDURE FOR ATTENDING THE AGM THROUGH VC/OAVM:

- i) Members can join the AGM through VC/OAVM 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- ii) Members may note that the VC/OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-

served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.

- iii) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- iv) Members will be able to attend the AGM through VC/OAVM and view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.
- v) Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.
- vi) Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.
- vii) Members who need any assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ toll free no.: 1800-222-990 or contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Email: pallavid@nsdl.co.in / Tel: +91 22 2499 4545/ 1800-222-990.

8. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

- i) In compliance with provisions of Section 108 of the Companies Act, 2013; Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force); Regulation 44 of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means for the business to be transacted at the AGM.
- ii) Members whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e., 8th September, 2020 shall only be entitled to attend and vote through remote e-voting and e-voting system at the AGM. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
- iii) Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date i.e., 8th September, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- iv) The remote e-voting period commences on Saturday, the 12th September, 2020 (9:00 A.M.) and ends on Monday, the 14th September, 2020 (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., 8th September, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Members, the Member shall not be allowed to change it subsequently. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting.

9. THE PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING ARE GIVEN BELOW:

The remote e-voting period begins on Saturday, the 12th September, 2020 at 9.00 A.M. and ends on Monday, the 14th September, 2020 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

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

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

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



Details on Step 1 is 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.nsd.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.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

(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 folio number is 001*** and EVEN is 101456 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, please follow steps mentioned below in process for those members whose email ids are not registered.
- (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.nsd.com.
 - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- (7) After entering your password, **tick 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 is given 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

- i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send 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 e-mail to kanoriachemscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in
- ii) 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 to reset the password.
- iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.co.in

10. PROCESS FOR THOSE MEMBERS, WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES, FOR REGISTRATION OF EMAIL IDS FOR PROCURING USER ID AND PASSWORD FOR E-VOTING:

Members, whose email ids are not registered with the Company/depositories, are requested to take the following action for registering their email ids:

- i) In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Registrar & Share Transfer Agent, C B Management Services (P) Limited at rta@cbmsl.com
- ii) In case shares are held in demat mode, please contact and register your email address with your respective Depository Participant.

11. INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM :

- i) The procedure for e-Voting during the AGM is the same as mentioned above for remote e-Voting.
- ii) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv) The details of the person who may be contacted for any queries connected with the facility for e-Voting during the AGM shall be the same as mentioned for Remote e-Voting.

12. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:

- i) Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials.



The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- ii) Members are encouraged to join the Meeting through Laptops for better experience.
- iii) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v) Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending email to investor@kanoriachem.com from their registered email address, mentioning their name, DP ID and Client ID/folio number, mobile number, from 9th September, 2020 (9:00 A. M.) to 10th September, 2020 (5:00 P. M.). Only those Members who have registered themselves as speaker will be able to speak at the Meeting. Speakers are requested to submit their questions at the time of registration to enable the Company to respond suitably. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

13. VOTING RESULTS:

- i) The Company has appointed Shri H. M. Choraria (Membership No. FCS 2398, CP No. 1499), practicing company secretary and proprietor of H. M. Choraria & Co., Kolkata as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- ii) The Results of voting will be declared within 48 hours from the conclusion of the AGM. The declared Results along with the Scrutiniser's Report shall be placed on the website of the Company 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 shall also 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.

14. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- i) All the documents referred to in the accompanying Notice shall be available for inspection through electronic mode, on the request being sent to investor@kanoriachem.com
- ii) During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts with Related Party, and Contracts and bodies etc. in which Directors are interested under Section 189 of the Act shall be available for inspection during the AGM, upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>

15. INVESTOR EDUCATION AND PROTECTION FUND (IEPF) RELATED INFORMATION:

- i) In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013, during the year the unclaimed/unpaid dividend relating to financial year ended 31st March 2012 has been deposited 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 31st March 2020 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.

- ii) During the year 2019-20, the Company has transferred 54,091 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.

Further, 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.

- iii) 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
- iv) SEBI vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has mandated that for making dividend payments, companies whose securities are listed on the stock exchanges shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. The Company and its Registrar and Share Transfer Agent are required to seek relevant bank details of shareholders from depositories/ investors for making payment of any dividends in electronic mode. Further, pursuant to recent General Circular 20/2020 dated 5th May, 2020 companies are also directed to credit the dividend of the shareholders directly to the bank accounts of the shareholders using Electronic Clearing Service. Accordingly, Members are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in dematerialized form and with the Registrar & Share Transfer Agent in respect of shares held in physical form.

16. OTHER INFORMATION:

- i) SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018 amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides that from 1st April, 2019 transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository. In view of the same, now the shares cannot be transferred in the physical mode. Hence, Members holding shares in physical form are requested to dematerialize their holdings immediately. However, Members can continue to make request for transmission or transposition of securities held in physical form.
- ii) 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.
- iii) 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.
- iv) 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.
- v) 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) 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).
- vi) Members who wish to obtain any information regarding the accounts or any matter to be placed at the AGM, are requested to send an e-mail at investor@kanoriachem.com by 10th September 2020 (5.00 P.M.). The same will be replied by the Company suitably.
- vii) 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.
- viii) Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is maintaining an E-mail Id: investor@kanoriachem.com exclusively for quick redressal of members/investors grievances.

17. APPOINTMENT OF DIRECTOR ON RETIREMENT BY ROTATION:

Shri S. V. Kanoria

Shri S. V. Kanoria (DIN: 02097441), aged about 38 years, Wholetime Director of the Company with effect from 1st April 2016, retires by rotation at the 60th Annual General Meeting of the Company under Section 152 of the Companies Act, 2013 and, being eligible, has offered himself for re-appointment as a Director of the Company.

Shri S. V. Kanoria, an MS in Computer Science from the University of Illinois – Urbana Champaign, USA, has about 16 years of commercial, industrial, managerial and operational experience including overseas work experience.

He was appointed a Member of the Board of the Company on 1st April, 2016.



He attended three Board Meetings out of the four Board Meetings held during the year 2019-20.

He holds 556,440 Equity Shares in the Company. Except being a relative of Shri R. V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, a Director of the Company, he is not related to any other Director or Key Managerial Personnel of the Company.

During the financial year ended 31st March 2020, remuneration amounting to Rs.10,664,820/- was paid to Shri S. V. Kanoria. He will be paid remuneration as per the terms and conditions of the Agreement dated 13th February, 2019, approved by the Members on 25th March 2019 by way of Postal Ballot.

He is a Member of the Stakeholders Relationship Committee and Finance Committee of the Board of Directors of the Company. He does not hold any Committee chairmanship/ membership in any other company.

He is a Director in the following companies:

Name of the Company	Position held
KPL International Limited	Director
Vardhan Finvest Limited	Director
India General Trading Co. Limited	Director
R V Investment & Dealers Limited	Director
PHD Chamber of Commerce and Industry	Director
Breaking Wave Software Private Limited	Director
Humbleschool Private Limited	Director

The Company has received intimation in Form DIR 8 from Shri S. V. Kanoria. declaring that he is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013 and is also not debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

The appointment of Shri S. V. Kanoria as a Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Ordinary Resolution set out as Item No. 2 of the Notice is placed for your approval. The Board of Directors recommend passing of the said resolution in the interest of the Company.

Except Shri S. V. Kanoria, Shri R. V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, a 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 proposed Resolution.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Re: Item No. 3

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 on 31st March 2021 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. 3 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: 17th June 2020

By Order of the Board of Directors

N. K. Sethia
Company Secretary
Membership No.: F3522