# National Peroxide Limited

# ANNUAL REPORT
# 2019-2020

# AWARD RECEIVED DURING 2019-20

INDIAN CHEMICAL COUNCIL AWARD FOR EXCELLENCE
IN MANAGEMENT OF HEALTH & SAFETY - 2018


The Indian Chemical Council (ICC) Award for Excellence in Management of Health & Safety and the Certificate of Merit for Excellence in Management of Environment for the year 2018, being presented to Mr. Suresh Khurana, CEO & Director (fourth from left) and Dr. Hasit Dangi, Vice-President (Operations, Product & Application Development) (third from left), by Mr. Samir Kumar Biswas, IAS, Joint Secretary, DCPC, Government of India (second from left) and Dr. Ramesh Ramachandran, President & CEO, EQUATE Petrochemical Company KSCC, Kuwait (third from right) on 27$^{th}$ September, 2019 in Mumbai.

(Registered – 16th March, 1954 )

## DIRECTORS

| | |
|---|---|
| Ness N. Wadia | *(Chairman)* |
| Rajesh Batra | |
| S. Ragothaman | |
| Minnie Bodhanwala | |
| Viraf Mehta | |
| Harshbeena Zaveri *(w.e.f. 31st March, 2020)* | |
| Suresh Khurana | *(Chief Executive Officer and Director upto 4th June, 2020)* |
| Rajiv Arora | *(Chief Executive Officer and Director w.e.f. 4th June, 2020)* |

## CHIEF FINANCIAL OFFICER

Conrad Fernandes

## COMPANY SECRETARY

Chandukumar Parmar

## BANKERS

Standard Chartered Bank

## SOLICITORS AND ADVOCATES

Crawford Bayley & Co.

## AUDITORS

Price Waterhouse Chartered Accountants LLP

## REGISTERED OFFICE

Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai - 400001.

## HEAD OFFICE

C-1, Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai - 400025.

## FACTORY

N. R. C. Road, P. O. Atali,
Via Mohone, Kalyan - 421102,
Dist. Thane, Maharashtra.

## REGISTRAR & SHARE TRANSFER AGENTS

**Sharex Dynamic (India) Pvt. Ltd.**

Unit : National Peroxide Ltd.
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai - 400083
Tel : 022-2851 5606 / 022-2851 5644

## CONTENTS

# NOTICE

*Registered Office:*
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai - 400001.

*Head Office:*
C-1, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai - 400025.
(CIN: L24299MH1954PLC009254)
Email: secretarial@naperol.com
Website: www.naperol.com
Phone: 022-6662 0000

NOTICE is hereby given that the Sixty-Sixth Annual General Meeting ('AGM') of the Members of NATIONAL PEROXIDE LIMITED will be held on Tuesday, 25th August, 2020 at 3.30 p.m. (IST), through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') facility to transact the following business. The venue of this AGM shall be deemed to be the Registered Office of the Company at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400001:

**Ordinary Business:**

1. To receive, consider and adopt:
   a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Reports of the Board of Directors and Auditors thereon; and
   b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Report of the Auditors thereon.
2. To declare a Dividend on Equity Shares for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Dr. (Mrs.) Minnie Bodhanwala (DIN: 00422067), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

**Special Business:**

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT in accordance with the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), and the Rules made thereunder, read with Schedule IV of the Act and Regulations 16(1)(b), 17 and 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and based on the recommendation of the Nomination and Remuneration Committee, Mrs. Harshbeena Zaveri (DIN : 00003948), who was appointed as an Additional Director (Non-Executive & Independent) of the Company with effect from 31st March, 2020, pursuant to Section 161 of the Act and who has submitted the declaration that she meets the criteria for Independence as provided under the Act and the Listing Regulations and in respect of whom Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from 31st March, 2020 to 30th March, 2025."

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT Mr. Rajiv Arora (DIN: 08730235), who was appointed as an Additional Director of the Company by the Board of Directors on 4th June, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ('Act') and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of Whole-Time Director, be and is hereby appointed as Director of the Company."

   "RESOLVED FURTHER THAT, in accordance with the provisions of Sections 190, 196, 197, 198, 203, Schedule V and all other applicable provisions, if any, of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members be and is hereby accorded for the appointment of Mr. Rajiv Arora (DIN: 08730235), as the Whole-Time Director of the Company to be designated as the Chief Executive Officer and Director of the Company, not liable to retire by rotation, for a period of five years, with effect from 4th June, 2020 to 3rd June, 2025, upon the terms, conditions and stipulations contained in the draft Agreement to be entered into between the Company and Mr. Rajiv Arora.

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to vary the terms and conditions of appointment, including the remuneration as may be agreed to, by the Board and Mr. Rajiv Arora, provided, however, that the remuneration payable to Mr. Rajiv Arora shall be in accordance with the provisions specified in Sections 197, 198 and Schedule V of the Act or any amendments thereto as may be made from time to time.

   "RESOLVED FURTHER THAT where, in any financial year, during the tenure of appointment of Mr. Rajiv Arora, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Rajiv Arora as specified in the draft Agreement referred to above, based on the recommendation of the Nomination & Remuneration Committee and the approval of the Board of Directors of the Company and subject to obtaining other necessary approvals, as may be required, in accordance with the provisions of Sections 197, 198 and Schedule V of the Act or any amendments thereto, as may be made from time to time. In that event, the following perquisites shall, however, not be included in the computation of the ceiling on remuneration specified hereinabove.

(a) Contribution to provident fund, superannuation fund or annuity fund and benefits under the Company's Pension Scheme, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961;

(b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and

(c) Encashment of leave at the end of the tenure;

"RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into an Agreement on behalf of Company with Mr. Rajiv Arora on the broad terms and conditions as set out in the Explanatory Statement annexed to this Notice."

"RESOLVED FURTHER THAT any one of the Directors, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all necessary acts, deeds, matters and things as may be considered necessary and desirable to give effect to this Resolution."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as may be applicable (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to such approvals, as may be applicable and to the extent required in this regard, the consent of the Members of the Company be and is hereby accorded for ratification of excess remuneration paid (from 1st April, 2019 to 31st March, 2020) by way of salary, performance linked incentive, perquisites and any other allowances to Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020) of the Company, within the maximum limits of remuneration as approved by the members of the Company at the time of appointment of Mr. Khurana.

"RESOLVED FURTHER THAT based on the approval of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to such approvals, as may be applicable and to the extent required in this regard, the consent of the Members of the Company be and is hereby also accorded for payment of remuneration (from 1st April, 2020 to 4th June, 2020) by way of salary, performance linked incentive, perquisites and any other allowances to Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020) of the Company, as minimum remuneration, in the event the Company has no profits or its profits are inadequate, during the period stated herein, as may be decided by the Board.

| **Particulars** | **Mr. Suresh Khurana** | |
|---|---|---|
| Designation | Chief Executive Officer and Director (upto 4th June, 2020) | |
| Period of approval for payment of remuneration. | 1st April, 2019 to 31st March, 2020 | 1st April, 2020 to 4th June, 2020 |
| Total Remuneration | ₹ 226.43 lakh* | ₹ 54.28 lakh |

* Maximum managerial remuneration allowed ₹ 157 lakh being higher of 5% of net profit or based on calculation of effective capital.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. D. C. Dave & Co., (Firm Reg. No. 000611) Cost Accountants, Mumbai, the Cost Auditors appointed by the Board of Directors of the Company at its meeting held on 14th July, 2020, to conduct the audit of the cost records of organic and inorganic chemicals and industrial gases of the Company for the financial year ending 31st March, 2021, be paid remuneration of ₹ 4,00,000/- plus applicable taxes and reimbursement of travelling and out-of-pocket expenses incurred by them for the purpose of Audit, and the same be and is hereby ratified."

"RESOLVED FURTHER THAT any one of the Directors, Chief Financial Officer and Company Secretary of the Company, be and are hereby severally authorized to do all necessary acts, deeds, matters and things as may be considered necessary and desirable to give effect to this Resolution."

8. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the Members be and is hereby accorded for payment of sum not exceeding one percent or three percent per annum of the net profits of the Company, as the case may be, calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for a period of five years, commencing from 1st April, 2020."

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
*Company Secretary*
(ACS: 50299)

*Mumbai, 14th July, 2020*

**NOTES:**

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') and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, have permitted the holding of the Annual General Meeting ('AGM') through Video Conference/ Other Audio Visual Means ('VC / OAVM'), 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, ('Listing Regulations') read with the Circulars issued by MCA and SEBI, the Sixty-Sixth AGM of the Company shall be conducted through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM.

1. A proxy can be appointed under Section 105 of the Companies Act, 2013 to attend and vote at the AGM on behalf of a member who is not able to attend personally. Since the AGM will be conducted through VC / OAVM, there is no requirement of appointment of proxies. Hence, Proxy Form and Attendance Slip, including Route Map, are not annexed to this Notice.

2. 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 should be mailed to the Company at secretarial@naperol.com and to Sharex Dynamic (India) Private Limited, Registrar and Share Transfer Agent, at support@sharexindia.com with a copy marked to evoting@nsdl.co.in.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 19th August, 2020 to Tuesday, 25th August, 2020 (both days inclusive) for the purpose of determining eligibility of members entitled to dividend.

4. The dividend recommended by the Board of Directors, if approved by the Members at this AGM, shall be paid on or after Tuesday, 1st September, 2020, to those Members whose names appear in the Register of Members of the Company as on the Book Closure Date.

5. Members are requested to notify immediately any change of address:

   i) to their Depository Participants (DPs) in respect of their demat accounts; and

   ii) to the Company's Registrar and Share Transfer Agent, Sharex Dynamic (India) Private Limited, at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 (Email id: support@sharexindia.com; Tel: 022-2851 5606 / 022-2851 5644) in respect of their physical share folios, if any, quoting their folio numbers.

6. The National Automated Clearing House (NACH) facility should mandatorily be used by companies for the distribution of dividend to its Members. In order to avail the facility of NACH, Members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents (RTA).

   Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

7. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividends for the financial year ended 31st March, 2013 and thereafter, which remain unpaid or unclaimed for a period of seven years from the respective dates of transfer, to the unpaid dividend account of the Company, are due for transfer to the Investor Education & Protection Fund (IEPF) on the dates given in the table below:

| Financial Year | Date of Declaration of Dividend | Due Date for Transfer to IEPF* |
|---|---|---|
| 2012-13 | 14.08.2013 | 15.09.2020 |
| 2013-14 | 11.08.2014 | 11.09.2021 |
| 2014-15 | 11.08.2015 | 13.09.2022 |
| 2015-16 | 11.08.2016 | 11.09.2023 |
| 2016-17 | 09.08.2017 | 11.09.2024 |
| 2017-18 | 02.08.2018 | 02.09.2025 |
| 2018-19 | 06.08.2019 | 06.09.2026 |

   * Indicative dates; actual dates may vary.

   Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to Sharex Dynamic (India) Pvt. Ltd. (RTA), at the address given above, quoting their folio numbers / DP ID & Client ID.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), as amended from time to time, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years to the Demat Account of the IEPF Authority.

In compliance with the said Rules, the Company has communicated to the concerned shareholders whose shares are liable to be transferred / credited to the Demat Account of the IEPF Authority. The Company has uploaded on the website of the Company, under Investor Section, the details of such shareholders whose shares are to be transferred / credited to the Demat Account of the IEPF Authority.

Shareholders may note that both, the unclaimed dividend amount transferred to IEPF and the shares transferred to the Demat Account of the IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by the shareholders from the IEPF Authority, after following the procedure prescribed in the Rules.

8. Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating, in the prescribed form, a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's RTA mentioned above.

9. Pursuant to Section 101 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Section 136 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company can serve notice of general meeting and financial statements through electronic mode to those members who have registered their e-mail address with the depository or the Company. The members, who hold shares in dematerialized form, are requested to register/update their e-mail address with the depository. The members holding shares in physical form may also opt to receive notices/ financial statements by registering their e-mail address with the Company's RTA at support@sharexindia.com.

10. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. The shareholders are requested to update their Permanent Account Number ('PAN') with the Company / its RTA (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode).

11. SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN card copy to the RTA.

12. The details required under Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment at this AGM forms part of the Notice.

13. The Notice of AGM along with Annual Report for FY 2019-20 is available on the website of the Company at www.naperol.com; on the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of NSDL i.e. www.evoting.nsdl.com.

**DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs:**

14. 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, Auditors' 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 are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participants.

15. Members holding shares in physical mode and who have not updated their e-mail addresses with the Company are requested to update their e-mail addresses by writing to the Company's Registrar and Share Transfer Agent, Sharex Dynamic (India) Private Limited at support@sharexindia.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.

**PROCEDURE FOR ATTENDING AGM THROUGH VC / OAVM:**

16. Members will be able to attend the AGM through VC / OAVM or 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 the Company's AGM. The facility of joining the AGM through VC / OAVM shall open 30 minutes before the scheduled time.

17. 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.

18. 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 that 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.

19. 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. Large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of 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.

20. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL, at amitv@nsdl.co.in / +91-22 24994360 or Ms. Pallavi Mhatre, Manager, NSDL at pallavid@nsdl.co.in / +91-22 24994545.

**PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:**

21. As the AGM is being conducted through VC / OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id / Folio No., e-mail id, mobile number to secretarial@naperol.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Wednesday, 19th August, 2020 on the aforementioned e-mail id shall be considered and responded to during the AGM.

22. Members intending to require information about the Financial Statements, to be explained at the Meeting are requested to inform the Company at least seven days prior to the date of Meeting, by e-mail to secretarial@naperol.com, so that the requisite information can be readily made available at the Meeting.

23. Members who would like to express their views or ask questions during the AGM may register themselves as Speakers by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number to secretarial@naperol.com on or before Wednesday, 19th August, 2020. Those Members who have registered themselves as Speakers will only be allowed to express their views / ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

24. 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.

**PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING AGM:**

25. 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(s) 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.

26. 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., Tuesday, 18th August, 2020 shall only be entitled to attend and vote 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.

27. The remote e-voting period commences on Saturday, 22nd August, 2020 (9:00 a.m. IST) and ends on Monday, 24th August, 2020 (5:00 p.m. IST). 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., Tuesday, 18th August, 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 AGM.

28. The procedure and instructions for remote e-voting are given below:

    Step 1: Log-in to NSDL e-voting system at URL: https://www.evoting.nsdl.com/

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

**Details on Step 1 to log in to NSDL e-voting system are mentioned below:**

i. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

ii. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

iv. Your User ID details are given below :

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

v. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. 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 E-Mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your E-Mail ID. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the e-mail and open the attachment i.e., a .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 No. for shares held in physical form. The .pdf file contains your 'User Id' and your 'initial password'.

ii) In case you have not registered your e-mail address with the Company / Depository, please follow instructions mentioned above in this Notice.

vi. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / Folio No., your PAN, your name and your registered address.

d) Members can also use the one-time password (OTP) based login for casting the votes on the e-voting system of NSDL.

vii. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.

viii. Now, you will have to click on "Login" button.

ix. After you click on the "Login" button, Home page of e-voting will open.

**Details on Step 2 to cast vote electronically on NSDL e-Voting System are mentioned below:**

i. 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.

ii. 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.

iii. Select "EVEN" of the Company, which is 113274.

iv. Now you are ready for e-voting as the Voting page opens.

v. 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.

vi. Upon confirmation, the message "Vote cast successfully" will be displayed.

vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**Procedure for E-Voting on the day of the AGM:**

i. Only those members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions by remote e-voting prior to the AGM shall be entitled to cast their vote through the e-voting system at the AGM.

ii. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.

**GENERAL INFORMATION FOR SHAREHOLDERS:**

29. 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 https://www.evoting.nsdl.com / to reset the password.

30. In case of any queries relating to e-voting, you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com / or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in. In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. Email: evoting@nsdl.co.in/ pallavid@nsdl.co.in Tel: +91-22-2499 4545 / 1800-222-990.

31. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Tuesday, 18th August, 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.

32. Mr. Nilesh Shah (Membership No. F-4554) and failing him Mr. Mahesh Darji (Membership No. F-7175) and failing him Ms. Hetal Shah (Membership No. F-8964) of M/s. Nilesh Shah & Associates, Practicing Company Secretaries, who have been appointed as Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

33. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting and e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

34. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: www.naperol.com and on NSDL's website: https://www.evoting.nsdl.com/ immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

35. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e. on Tuesday, 25th August, 2020.

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

36. All the documents referred to in the accompanying Notice shall be available for inspection through electronic mode, basis the request being sent to secretarial@naperol.com.

37. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at https://www.evoting.nsdl.com/.

**OTHER INFORMATION :**

38. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in information to Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

39. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.

40. Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details, which will be printed on their dividend warrants.

    However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.

41. All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar and

Share Transfer Agent, Sharex Dynamic (India) Private Limited, at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 (Email id: support@sharexindia.com; Tel: 022-2851 5606 / 022-2851 5644)

42. 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: secretarial@naperol.com exclusively for quick redressal of members'/investors' grievances.

43. Pursuant to the provisions of Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities can be transferred only in dematerialised form w.e.f. 1st April, 2019. Members are requested to convert their physical holdings into demat form to avoid any possibility of loss, mutilation etc., of physical share certificates. Any shareholder who is desirous of dematerializing their securities may write to Company Secretary at secretarial@naperol.com or to the Registrar and Share Transfer Agent.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
*Company Secretary*
(ACS No.: 50299)

*Mumbai, 14th July, 2020*

## ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**Item No. 4**

Pursuant to the provisions of Section 161 of the Companies Act, 2013 ('Act'), and the Articles of Association of the Company, the Board of Directors of the Company had, based on the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Harshbeena Zaveri (DIN : 00003948) as an Additional Director (Non-Executive & Independent) of the Company with effect from 31st March, 2020. In terms of the provisions of Section 161(1) of the Act, Mrs. Zaveri would hold office up to the date of this Annual General Meeting ('AGM').

On the recommendation of the Nomination and Remuneration Committee, the Board approved the appointment of Mrs. Harshbeena Zaveri as an Independent Director of the Company, not liable to retire rotation, subject to the approval of the Members, at the ensuing AGM, for a term of five consecutive years commencing from 31st March, 2020 to 30th March, 2025 under Sections 149, 150 and 152 (including other applicable provisions if any) of the Act, and the rules made thereunder. The Company has received a notice from a member under Section 160(1) of the Act, proposing the candidature of Mrs. Harshbeena Zaveri for the office of Non-Executive Independent Woman Director of the Company.

Mrs. Zaveri has given her consent to act as a Director and declaration that she is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received a declaration from Mrs. Zaveri confirming that she meets with the criteria of independence as prescribed under Section 149 of the Act, the rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). On the basis of the above declaration, the Board is of the opinion that Mrs. Zaveri fulfils the conditions specified in the Act and the Listing Regulations. She also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and is independent of the management.

A brief profile of Mrs. Harshbeena Zaveri including nature of expertise in functional areas and names of companies in which she holds directorship/s and membership/chairmanship of Board Committees, shareholding and relationship between Directors inter-se as stipulated under applicable provisions of the Listing Regulations, is provided in this statement and the Annexure to the Notice.

The draft Letter of Appointment of Mrs. Harshbeena Zaveri as a Non-Executive Independent Woman Director, setting out the terms and conditions, is available for inspection by the Members, on the basis of a request being sent to the Email ID: secretarial@naperol.com or at the Head Office of the Company on any working day upto the date of the AGM.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested, financially or otherwise, in the resolution, set out at Item No. 4 of this Notice, except Mrs. Zaveri.

The Board of Directors commends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

**Item No. 5**

The Members of the Company had, at the Annual General Meeting held on 2nd August, 2018, approved the appointment of Mr. Suresh Khurana, as Chief Executive Officer (CEO) and Director of the Company for a period of three years, commencing from 15th December, 2017. Mr. Suresh Khurana had expressed his desire to take an early retirement from his position, pursuant to the Agreement executed between the Company and himself.

The Board of Directors had identified Mr. Rajiv Arora as the successor to Mr. Khurana and had appointed Mr. Rajiv Arora as an Additional Director of the Company, at its meeting held on 4th June, 2020, to hold office upto the date of this Annual General Meeting. At the said Board Meeting, Mr. Arora was also appointed as a Whole-Time Director of the Company to be designated as the "Chief Executive Officer (CEO) and Director" for a period of five years, commencing from 4th June, 2020, subject to the approval of the Members at the ensuing Annual General Meeting ('AGM'), pursuant to Sections 196, 197, 198 and 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), on such terms and conditions including remuneration, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, as set out in the draft Agreement to be entered into between the Company and Mr. Arora. The broad terms and conditions of appointment of Mr. Rajiv Arora as Chief Executive Officer (CEO) and Director are as follows:

**1. Tenure**

Period of five years commencing from 4th June, 2020 to 3rd June, 2025.

**2. Remuneration and Perquisites**

(i) Basic salary upto a maximum of ₹ 30,00,000/- per month with increments each year, as approved by the Board on the recommendation of the Nomination and Remuneration Committee.

(ii) Benefits and perquisites and allowances as may be recommended by the Nomination and Remuneration Committee and approved by the Board of the Company from time to time, or as may be applicable in accordance with the rules and policies of the Company, upto a maximum of ₹ 30,00,000/- per month.

(iii) Reimbursement of all actual expenses including travelling, entertainment / business promotion and other actual out-of-pocket expenses incurred by him in connection with or in relation to the business of the Company.

(iv) Performance linked pay, as may be determined by the Board of the Company, upon the recommendation of the Nomination and Remuneration Committee on the performance criteria formulated by the Company / Nomination and Remuneration Committee.

(v) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be made by the Company in accordance with the rules / policy formulated by the Company.

(vi) Group hospitalisation and other insurance for which the payment of premium would be made by the Company.

(vii) Leave in accordance with the rules framed by the Company.

The aggregate of the remuneration payable to Mr. Arora shall be within the maximum limits prescribed under the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Act, read with Schedule V of the Act, and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and subject to approval, if any, as required under the applicable provisions of the Act.

In the event the Company has no profits or the profits are inadequate, during the tenure of five years of Mr. Arora's appointment, the Company shall pay Mr. Arora remuneration as determined from time to time by the Nomination and Remuneration Committee and the Board pursuant to the authority vested in them, subject to compliance with the applicable provisions of Schedule V of the Act, and that such remuneration shall be treated as minimum remuneration payable to Mr. Arora in the absence or inadequacy of profits, in accordance to the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V of the Act, and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof).

The Nomination and Remuneration Committee and the Board of Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of Mr. Arora.

**3. General**

(i) Mr. Arora shall exercise such powers and perform duties as the Board shall, from time to time, determine and subject to directions and restrictions, from time to time, given and imposed by the Board.

(ii) Subject to the superintendence, control and direction of the Board of Directors of the Company, Mr. Arora shall be in charge of the general conduct and management of the whole business and affairs of the Company and shall carry out such functions, exercise and such powers and perform such duties as the Board of the Company shall determine and entrust to him.

(iii) Mr. Arora shall throughout the said term, devote his full time, attention and abilities to the business of the Company and shall carry out the orders, from time to time, of the Board and in all respect conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the Company and shall promote the interests of the Company.

(iv) Mr. Arora shall adhere to the Company's Code of Conduct and ensure there is no conflict of interest with the Company and further ensure maintenance of required confidentiality.

(v) The office of Mr. Arora may be terminated by the Company or by him, by giving the other party six months prior notice in writing.

The Company has received a notice from a Member under Section 160(1) of the Act, proposing the candidature of Mr. Arora as a Director of the Company.

Mr. Arora satisfies all the conditions set out in Part-I of Schedule V of the Companies Act, 2013, as also the conditions set out under Section 196(3) of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The draft Agreement to be entered into by the Company with Mr. Arora would be available for inspection by the Members, on the basis of a request being sent to the Email ID: secretarial@naperol.com or at the Head Office of the Company on any working day, upto the date of the AGM.

The Board will have the authority to vary / modify / amend any of the aforesaid terms and conditions provided such variation / modification / amendment is in conformity with the applicable provisions of the Act, as amended from time to time. The above may be treated as an abstract of the terms of the Agreement between the Company and Mr. Arora and a written memorandum setting out terms of appointment of Mr. Arora under Section 190 of the Act.

A brief profile of Mr. Rajiv Arora, including nature of expertise in specific functional areas and names of Companies in which he holds Directorship and Membership / Chairmanship of Board Committees, shareholding and relationships between Directors inter-se as stipulated under applicable provisions of the Listing Regulations, is provided in this statement and the Annexure to the Notice.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution as set out at Item No. 5 of this Notice, except Mr. Arora, as it relates to his appointment as Chief Executive Officer and Director and the remuneration payable to him.

This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors commends the Special Resolution set out at Item No. 5 of the accompanying Notice for approval of the Members.

**Item No. 6**

In terms of Section II of Part II of Schedule V of the Companies Act, 2013, payment of remuneration within maximum limits, as minimum remuneration to a managerial person in any financial year where the Company has no profits or inadequate profits, requires prior approval of the Members of the Company by way of a Special Resolution.

Pursuant to the provisions of the Companies (Amendment) Act, 2017, the approval of the Central Government is not required in the event of:

- payment of managerial remuneration exceeding 11% of the net profits;
- payment of remuneration to managerial person in the event of no profits or inadequacy of profits.

The Board of Directors of the Company at their meeting held on 14th July, 2020, on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Members, have approved the ratification of excess remuneration paid to Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020) for the period from 1st April, 2019 to 31st March, 2020 by way of salary, performance linked incentive, perquisites and any other allowances within the maximum limit as stated hereunder:

| **Particulars** | **Mr. Suresh Khurana** | |
|---|---|---|
| Designation | Chief Executive Officer and Director (upto 4th June, 2020) | |
| Period of approval for payment of remuneration | 1st April, 2019 to 31st March, 2020 | 1st April, 2020 to 4th June, 2020 |
| Total Remuneration | ₹ 226.43 lakh* | ₹ 54.28 lakh |

* Maximum managerial remuneration allowed ₹ 157 lakh being higher of 5% of net profit or based on calculation of effective capital.

The maximum limits of remuneration for Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020) of the Company is same as approved earlier by the Members of the Company at the Sixty-Fourth Annual General Meeting held on 2nd August, 2018.

Approval of the Members is sought for ratification of excess remuneration paid within the maximum limits. Approval is also sought for minimum remuneration to Mr. Suresh Khurana from 1st April, 2020 to 4th June, 2020, in the event the Company has no profits or inadequate profits during the financial year 2020-21.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of this Notice.

This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors commends the Special Resolution set out at Item No. 6 of the accompanying Notice for approval of the Members.

**Item No. 7**

The Board of Directors, on the recommendation of the Audit Committee, approved the appointment of M/s. D. C. Dave & Co., Cost Accountants, (Firm Registration No. 000611) as Cost Auditors to conduct the audit of the cost records of organic and inorganic chemicals and industrial gases of the Company at a remuneration of ₹ 4,00,000/- plus applicable taxes and reimbursement of travelling and out-of-pocket expenses incurred by them for the financial year ending 31st March, 2021.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the Members of the Company.

M/s. D. C. Dave & Co. have confirmed that they are eligible to be appointed as Cost Auditors of the Company and hold a valid certificate of practice under Section 6(1) of the Cost and Works Accountants Act, 1959.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, concerned or interested, financially or otherwise, in the resolution, set out at Item No. 7 of this Notice.

The Board of Directors commends the Ordinary Resolution set out at Item No. 7 of the accompanying Notice for approval of the Members.

**Item No. 8**

At the Annual General Meeting of the Company held on 11th August, 2014, the Members had approved the payment of commission to Non-Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company. Considering the enhanced responsibilities cast on the Non-Executive Directors (including the Independent Directors), it is proposed that in terms of Section 197 of the Act, the Directors (apart from Managing Director / Whole-time Director) be paid, commencing from 1st April, 2020, remuneration not exceeding one percent or three percent per annum of the net profits of the Company, as the case may be, computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Executive Director are concerned or interested in the Resolution at Item No. 8 of the Notice to the extent of the remuneration that may be received by each of them.

The relatives of the Non-Executive Directors may be deemed to be interested in the Resolution at Item No. 8 to the extent of their shareholding interest, if any, in the Company.

The Key Managerial Personnel of the Company or their relatives are not concerned or interested in the Resolution at Item No. 8.

**Additional Information:**

Statement containing additional information as per Category B(iv) of Part II of Section II of Schedule V of the Companies Act, 2013, for Item Nos. 5 & 6 of this Notice:

1. General Information:
   (i) Nature of Industry:
   Manufacture and Sale of Hydrogen Peroxide.

   (ii) Date of commencement of commercial production:
   Commercial production commenced in 1956.

   (iii) Financial performance based on given indicators:

   (₹ in lakh)

| Particulars | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|
| Sales | 19,064.87 | 40,150.22 | 31,410.33 |
| Profit/(Loss) before Tax | 2,899.58 | 23,526.72 | 14,622.61 |
| Profit/(Loss) after Tax | 1,736.62 | 15,303.33 | 9,511.67 |
| Dividend on Equity Shares | 125% | 650% | 650% |

   (iv) Foreign investments or collaborations, if any: Nil

2. Information about the Appointee:
   (i) Background Details –

   The background details of Mr. Rajiv Arora have been provided in Sr. No. 3 of Annexure II to this Notice.

   The background details of Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020), are as under:

   - The Members of the Company, at the Sixty-Fourth Annual General Meeting held on 2nd August, 2018, had appointed Mr. Khurana, as Whole-time Director to be designated as Chief Executive Officer and Director for a period of three years from 15th December, 2017 to 14th December, 2020 by way of an Ordinary Resolution.
   - Mr. Khurana, 66, is an Associate Member of the Institute of Cost Accountants of India, Institute of Company Secretaries of India and Indian Institute of Bankers, besides Bachelor of Laws and Bachelor of Commerce (Hons.) from Delhi University. Mr. Khurana is also qualified in Mechanical Engineering from BIET, Mumbai.
   - Mr. Khurana has vast experience of over 45 years, in India, Indonesia and Singapore, in diverse manufacturing industries like, polyester, polyamide, textiles, shoes and light engineering products and also in services sector like banking and insurance brokerage. Prior to this, he was associated for 23 years with Shinta Group, an Indonesian conglomerate, where he held several positions such as Chief Operating Officer, Marketing Director, Financial Adviser and Executive Adviser Banking. Mr. Khurana spent 12 years with Bank of India in Singapore and India holding different positions and responsibilities. In the initial years of his career, he worked with companies like Avery India Ltd. and The Jay Engineering Works Ltd., in technical and

commercial functions. Mr. Khurana has been active in industry organizations and currently is Executive Committee Member of Association of Synthetic Fibre Industry in India. In the past he was Secretary General of Asian Chemical Fibre Industries Federation and Executive Member of Indonesian Synthetic Fibre Industries Association.

(ii) Past Remuneration –

Mr. Rajiv Arora was appointed as the Chief Executive Officer & Director of the Company with effect from 4th June, 2020, subject to the approval of the Members and hence the same is not applicable.

The remuneration paid to Mr. Suresh Khurana, is as under:

| Year | Amount (₹ In Lakh) |
|---|---|
| 2018-19 | 220.61* |
| 2019-20 | 226.43 |
| 2020-21 | 54.28** |

* The figure shown above include remuneration for the period from 15th December, 2017 to 31st March, 2018, paid in 2018-19.

** The figure shown above include remuneration for the period from 1st April, 2020 to 4th June, 2020.

(iii) Recognition or Awards – N.A.

(iv) Job Profile and Suitability –

The details in respect of job profile and suitability of Mr. Rajiv Arora is provided in the Explanatory Statement to this Notice under Item No. 5 read with Annexure II of this Notice.

The details in respect of job profile and suitability of Mr. Suresh Khurana, Chief Executive Officer and Director (upto 4th June, 2020) is as under:

- During his term, Mr. Khurana exercised and performed all such powers and duties as the Board of Directors of the Company determined, subject to the superintendence, control, direction, and restriction from time to time given and imposed by the Board and/or the Articles of Association of the Company.

(v) Remuneration proposed –

The remuneration proposed is detailed in Annexure I to the Notice.

(vi) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person –

Taking into consideration the size of the Company and the individual profiles of Mr. Rajiv Arora and Mr. Suresh Khurana, and the industry benchmarks, the remuneration paid / proposed to be paid is commensurate with the remuneration packages paid to similar senior level positions in other companies in the industry.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any –

Mr. Rajiv Arora has no pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than his remuneration in the capacity of Chief Executive Officer and Director of the Company, with effect from 4th June, 2020.

Mr. Suresh Khurana has no pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than his remuneration in the capacity of Chief Executive Officer and Director of the Company, which term was upto 4th June, 2020.

**Other Information:**

(a) Reason for loss or inadequacy of profits:
During the year, the Company completed the expansion of its plant situated at Kalyan which resulted in an increase in the plant rated capacity from 95,000 MT per annum to 150,000 MT per annum based on 50% (w/w) Hydrogen Peroxide levels. In order to undertake this activity, the Company shutdown the plant from 30th September, 2019 to 2nd February, 2020 (both days inclusive). As a result, sales during this period were restricted to servicing key customers, in view of constraints in inventory holding capacity.

(b) Steps taken or proposed to be taken for improvement:
With the completion of the capacity expansion of the plant, the Company has additional 55,000 MT of Hydrogen Peroxide available for sale. As part of the usual cost improvements measures, the Company has undertaken various programmes to control costs and improve profitability.

(c) Expected increase in productivity and profit in measurable terms:
With the availability of additional capacity, the Company is making all out efforts to maximise the domestic market share and is also exploring exports. The Company has undertaken measures to reduce variable cost per MT and overall fixed costs. This would help the Company increase productivity and profits in absolute as well percentage terms.

This Explanatory Statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
*Company Secretary*
(ACS: 50299)

*Mumbai, 14th July, 2020*

## ANNEXURE II TO THE NOTICE

**Brief Resume of Director(s) proposed to be appointed / re-appointed**

1. **Dr. (Mrs.) Minnie Bodhanwala**

Dr. (Mrs.) Minnie Bodhanwala (57) is presently working as Chief Executive Officer at Nowrosjee Wadia Maternity Hospital and Bai Jerbai Wadia Hospital for Children, Parel, Mumbai.

Under her mantle, the Wadia Hospitals have won 21 prestigious awards in a span of one year. Dr. Bodhanwala was honoured with more than 40 awards, which include various prestigious awards like the "International Award in Healthcare" by the Thai Chamber of Commerce, Bangkok; "Global Award for Sustainable Healthcare Models with Revenue Turnover", Dubai; "Leading Business Women of the Year" by Global, Mumbai; Life Time Achievement Award in Healthcare by National Excellence Awards 2015.

She is highly motivated, pro-active passionate individual holding a rich enormous experience of over 35 years with exceptional liaison, teamwork, leadership and organizational abilities to thrive in a fast-paced, results-oriented business environment, with an entrepreneurial spirit to foresee potential growth with a strong background of crisis management in Healthcare for Brownfield and Greenfield projects and is also a Six Sigma Green Belt Expert.

She holds the following qualifications:

BDS, MBA, MHA, LLB, MPH, TQM, FCR, PGQMAHO; FISQUA

Green Belt – Six Sigma;

Principal Assessor, NABH ISO Auditor 9001, 14001

Dr. Bodhanwala's vast experience in management and administration would be of immense benefit to the Company.

Dr. Bodhanwala is not related to any of the other Directors and is not debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. She does not hold any shares of the Company.

Date of first appointment on the Board: 1st October, 2015.

Number of Board Meetings attended during the year: Seven

**Other Directorship:** The Bombay Dyeing and Mfg. Co. Limited; The Bombay Burmah Trading Corp., Limited; Axel Polymers Limited.

**Other Committee Membership:**

Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of The Bombay Dyeing and Mfg. Co. Limited; Audit Committee, Stakeholders' Relationship Committee of The Bombay Burmah Trading Corp., Limited and Nomination Remuneration Committee of Axel Polymers Limited.

2. **Mrs. Harshbeena Zaveri**

Mrs. Harshbeena Zaveri is one of the early founders (and the only woman founder) of Ashoka University, India's first liberal arts university. Mrs. Zaveri is the Vice-Chairman & Managing Director of NRB Bearings Limited and a Non-Independent Non-Executive Chairman of SNL Bearings Limited.

She graduated with freshman distinction and as a Wellesley Scholar (magna cum laude) with honours from Wellesley College. Under her leadership, NRB Bearings Limited was selected as one of the Asia's Best 200 companies under US$ 1 Billion in the year 2007. She joined NRB as a management trainee in 1987 and rose to become the President in 2001. Mrs. Zaveri spearheaded NRB's foray into design engineering and set up an R&D Centre, enabling NRB to become a supplier to the world's foremost automotive and mobility companies including global leaders Volvo, Renault, Audi, Daimler, Honda, Mazda and Bosch.

She has been the recipient of many prestigious national and international business awards and was honoured by Economic Times as - "Most inspiring leaders of India", "Most Promising Asian Business Leader" and recognised as one of the "Game Changers of India". She has been recognized as one of the "Most Powerful Women Leaders in India" by Fortune India since 2012, and by Business Today, Business World and India Today who have named her amongst the Most Powerful Women in Business.

Passionate about empowering youth through education, she devotes considerable time to this endeavour. An active member of the Wellesley Business Leadership Council, she is the Former President of The Ball & Roller Bearings Manufacturer's Association, a Governing council member of Indo-French Chambers of Commerce, Indo-German Chambers of Commerce and Patron member of Indo-American Chambers of Commerce & Executive Committee Member of Western Regional Council and National Committees of the Confederation of Indian Industries.

She is not related to any of the other Directors and is not debarred or disqualified from being appointed or continuing as Director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. She does not hold any shares of the Company.

Date of first appointment on the Board: 31st March, 2020.

Number of Board Meetings attended during the year: N.A.

**Other Directorship:** NRB Bearings Limited (Managing Director); SNL Bearings Limited; Needle Roller Bearing Company Private Limited; Sant Sahney Private Limited;

First Engineering Technologies Private Limited; The Council of EU Chambers of Commerce in India; Automotive Component Manufacturers Association of India; NRB Bearings (Thailand) Ltd.; NRB Bearings, USA INC; NRB Bearings Europe GmbH.

**Other Committee Membership:** Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of NRB Bearings Limited and SNL Bearings Limited; Nomination and Remuneration Committee of SNL Bearings Limited.

**3. Mr. Rajiv Arora**

Mr. Rajiv Arora (57) is a Chemical Engineer (BE) from Birla Institute of Technology and Science, Pilani and MBA (Marketing & Operations) from Indian Institute of Management, Bangalore.

Mr. Arora has vast experience of over 35 years, in diverse industries including a stint of 2 years in Germany. Prior to this, he was associated as a President & Business Head with Shriram Axiall Private Limited (A 50:50 Joint Venture between DCM Shriram Limited and Westlake Chemicals Corporation, USA) since 2014. He has been associated with DCM Shriram Group since 2002 and prior to that, he has worked for 17 years with companies like Ester Industries Limited, Ester Europe GmbH, SRF Limited, Modipon Fibres Limited and Grasim Industries Limited.

Mr. Arora is not related to any of the other Directors and is not debarred or disqualified from being appointed as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. Mr. Arora does not hold any shares of the Company.

Date of first appointment on the Board: 4th June, 2020.

Number of Board Meetings attended during the year: N.A.

**Other Directorship:** Naperol Investments Limited.

**Other Committee Membership:**
Stakeholders' Relationship Committee of National Peroxide Limited.

By Order of the Board of Directors
For NATIONAL PEROXIDE LIMITED

CHANDUKUMAR PARMAR
*Company Secretary*
(ACS: 50299)

*Registered Office:*
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai-400001.

*Head Office:*
C-1, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai-400025.
(CIN: L24299MH1954PLC009254)
Email: secretarial@naperol.com
Website: www.naperol.com
Phone: 022-6662 0000

*Mumbai, 14th July, 2020*

# DIRECTORS' REPORT TO THE MEMBERS

The Directors take pleasure in presenting their Sixty-Sixth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2020.

## 1. FINANCIAL RESULTS

(₹ in Lakh)

| Particulars | Financial Year Ended | | | |
|---|---|---|---|---|
| | Standalone | | Consolidated | |
| | **31/03/2020** | ***31/03/2019*** | **31/03/2020** | ***31/03/2019*** |
| Total Income | 20,859.97 | *42,061.07* | 20,918.11 | *42,138.81* |
| Profit before Tax | 2,899.58 | *23,526.72* | 2,955.90 | *23,601.92* |
| Tax | 1,162.96 | *8,223.39* | 1,164.32 | *8,222.24* |
| Net Profit after Tax | 1,736.62 | *15,303.33* | 1,791.56 | *15,379.68* |
| Dividend paid on Equity Shares (₹ 65 Per Share for FY 2018-19 and ₹ 65 Per Share for FY 2017-18) | 3,735.55 | *3,735.55* | 3,735.55 | *3,735.55* |
| Dividend Distribution Tax | 768.03 | *767.86* | 768.03 | *767.86* |

## 2. DIVIDEND

Your Directors have recommended a dividend of ₹ 12.50 (125%) per equity share of ₹ 10/- each for the Financial Year 2019-20, to be paid, if declared by the members at the Annual General Meeting to be held on 25th August, 2020.

## 3. TRANSFER TO RESERVES

During the current financial year, no transfers were made to reserves.

## 4. STATE OF COMPANY'S AFFAIRS

The gross sales and other income for the year under review were ₹ 20,859.97 lakh as against ₹ 42,061.07 lakh for the previous year. The profit before tax was ₹ 2,899.58 lakh and the profit after tax was ₹ 1,736.62 lakh for the year under review as against ₹ 23,526.72 lakh and ₹ 15,303.33 lakh respectively, for the previous year. The Company achieved a capacity utilization of 74% of the installed capacity of Hydrogen Peroxide, as compared to 106.60% during the previous year, mainly due to shutdown of the plant for a period of 4 months for completion of the capacity expansion project.

Your Company successfully completed the expansion of production capacity from 95,000 MT per annum (50% w/w) to 150,000 MT per annum (50% w/w). Post completion of the expansion, commercial production commenced on 3rd February, 2020. Your Company is now the largest producer of Hydrogen Peroxide in the country.

## 5. IMPACT OF COVID-19

In the light of the COVID-19 epidemic which has been declared a pandemic, the Company has been taking precautionary measures to protect the business and employees. Critical response teams have been setup across the organization to plan scenarios and respond in an agile manner to rapidly changing situation.

To ensure the safety and well-being of the employees, all recommended precautions against COVID-19 have been taken, which includes work from home policy for eligible employees, restrictions on travel, minimizing contacts in public, health advisory to employees following State and Central government directives issued in this regard from time to time.

**Business Operations:**

Considering the fact that the situation is exceptional and is changing constantly, the Company is not in a position to gauge with certainty, the future impact on its operations. However, the Company is gearing up to adapt to the changing business environment and respond suitably to fulfil the needs of its stakeholders.

In view of the Lockdown announced by the Government authorities that blocked movement of raw material and finished goods, besides impacting the ability of the employees to reach the plant, the Company decided to shut down the plant located at Kalyan (Maharashtra) from 30th March, 2020.

With the gradual restart of the downstream industry in several states in the country and removal of the restriction on movement of employees and materials, the Company also started its production at its Kalyan plant on 23rd May 2020 in a phased manner.

**Impact on Financial Performance:**

During this period, the Company has taken various initiatives to bring down fixed cost and improve liquidity position. This will help the Company in the coming year.

Due to the COVID-19 impact in the current quarter and the State lockdowns, the Company will not be able to achieve Q1 targets and will have an adverse impact on financial performance during FY 2020-21, but the assessment of the impact will be possible only after stabilization of business operations.

## 6. CHANGE(S) IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business carried on by the Company and its subsidiary. The Company has not changed the class of business in which the Company has an interest.

## 7. MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## 8. AWARDS AND RECOGNITION

The Company has received the following awards and recognition during the financial year 2019-20.

| Particulars | Received from |
|---|---|
| Award for Excellence in Management of Health & Safety - 2018 | Indian Chemical Council |
| Certificate of Merit for Excellence in Management of Environment – 2018 | Indian Chemical Council |
| Certificate of Merit for Meritorious Performance in Industrial Safety - 2018 | National Safety Council |
| Recognition of Outstanding Service and Support | ITC Limited, Paperboards and Specialty Papers Division |

## 9. SAFETY & ENVIRONMENT

The Company continues to maintain a good safety and environmental record. There was no Lost Time Injury during the financial year 2019-20. It has worked for 1,522 days without Lost Time Injury as on 31st March, 2020.

## 10. INSURANCE

All the properties of the Company, including buildings, plant and machinery, stocks and materials have been adequately insured. The Company also has a public liability insurance policy as per the Public Liability Insurance Act, 1991. The Expansion Project, now completed, had also been adequately insured.

## 11. FIXED DEPOSITS

The Company does not accept fresh deposits at present, and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

## 12. DETAILS OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATE AND HOLDING COMPANY

Naperol Investments Limited (Naperol) is the only subsidiary of the Company. There were no joint ventures and associate companies.

Pursuant to Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of Naperol (in Form AOC-1) forms part of the Consolidated Financial Statements. Pursuant to Section 136 of the Companies Act, 2013, the Company is exempted from attaching to its Annual Report, the Annual Report of Naperol.

The Audited Financial Statements of the subsidiary company are kept open for inspection by the Members at the Head Office of the Company. The Company shall provide free of cost, a copy of the financial statements of its subsidiary company to the Members upon their request. The statements are also available on the website of the Company at www.naperol.com.

Nowrosjee Wadia and Sons Limited (NWS) holds 30.79% shares in the Company and is the holding company of Macrofil Investments Limited (Macrofil) which holds 33.38% shares in the Company. Hence, NWS holding through Macrofil stands at 50.78% shares which makes NWS the holding company of the Company.

**13. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANY, NAPEROL INVESTMENTS LIMITED**

Naperol Investments Limited was incorporated on 6th May, 1980 and is registered as a Non-Banking Financial Company as provided by Section 45-IA of the Reserve Bank of India Act, 1934. The Company is engaged in the business of long-term investment. During the year under review, the Company earned a profit after tax of ₹ 54.94 lakh as against ₹ 76.36 lakh in the previous year.

**14. CONSOLIDATED FINANCIAL STATEMENTS**

The Company has prepared Consolidated Financial Statements (CFS) in accordance with the applicable Accounting Standards as prescribed under the Companies (Accounts) Rules, 2014, of the Companies Act, 2013. The Consolidated Financial Results reflect the results of the Company and its subsidiary. As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited CFS together with the Independent Auditors' Report thereon are annexed and form part of this Report. The summarized Consolidated Financial Results are provided above at point no. 1 of this Report.

**15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended as **'Annexure I'.**

**16. CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

A separate report on Corporate Governance along with a Certificate from a Practicing Company Secretary, regarding compliance of the conditions of Corporate Governance, is appended as **'Annexure II',** in compliance with the above requirement.

**17. BUSINESS RESPONSIBILITY REPORT**

The Securities and Exchange Board of India ('SEBI') vide its amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, has made it mandatory for inclusion of a Business Responsibility Report for the Top 1,000 listed entities based on the market capitalization (calculated as on 31st March of every financial year).

A Business Responsibility Report, detailing the various initiatives taken by the Company on the environmental, social and governance perspective, is appended as '**Annexure III**', in compliance with the above requirement.

**18. CORPORATE SOCIAL RESPONSIBILITY**

The Company has spent ₹ 3,06,00,000/- towards its Corporate Social Responsibility (CSR) activities during the Financial Year 2019-20 as per the provisions of the Companies Act, 2013 ('Act').

A brief outline of the Company's CSR policy statement and annual report on the CSR activities undertaken by the Company during the financial year ended 31st March, 2020, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as **'Annexure IV'**.

**19. DETAILS OF BOARD MEETINGS**

During the year, eight Board Meetings were held, details of which are provided in the Report on Corporate Governance.

**20. ANNUAL RETURN**

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, a copy of the Annual Return of the Company is uploaded on the website of the Company at www.naperol.com.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;

3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the Annual Accounts on a 'going concern' basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal controls are adequate and were operating effectively; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

**22. ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal Audit plays a key role in providing an assurance to the Board of Directors with respect to the Company having adequate Internal Control Systems.

The Internal Control Systems provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets. The details about the adequacy of Internal Financial Controls are provided in the Management Discussion and Analysis Report.

**23. SHARE CAPITAL**

The authorised share capital as on 31st March, 2020 was ₹ 2,500.00 lakh. The paid-up share capital as on 31st March 2020 was ₹ 574.70 lakh. During the year under review, there has been no change in the authorised and paid-up share capital of the Company.

**24. STATUTORY AUDITORS**

M/s. Price Waterhouse Chartered Accountants LLP ('PW') (FRN. 012754N/N500016), had been appointed as the Statutory Auditors of the Company, from the conclusion of the Annual General Meeting ('AGM') held on 9th August, 2017, upto the conclusion of the AGM to be held in the financial year 2022-23, subject to ratification of their appointment at every AGM. However, pursuant to the Companies (Amendment) Act, 2017, which was notified on 7th May, 2018, the provision related to ratification of appointment of auditors by Members at every AGM has been done away with.

There are no qualifications, reservations or adverse remarks made in the Statutory Auditors' Report. The observation made by the Statutory Auditors is self-explanatory.

**25. COST AUDIT**

Pursuant to Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost records of the Company are required to be audited. The Board of Directors, on the recommendation of the Audit Committee, appointed M/s. D. C. Dave & Co., Cost Accountants, to audit the cost records of the Company for the financial year ending 31st March, 2021, on a remuneration of ₹ 4,00,000/- plus applicable taxes and reimbursement of travelling and out-of-pocket expenses as incurred by them for the purpose of Audit. The remuneration payable to the Cost Auditor is required to be ratified by the shareholders at this AGM.

There are no qualifications, reservations or adverse remarks made in the Cost Auditors' Report.

**26. SECRETARIAL AUDIT REPORT**

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Parikh & Associates, Practicing Company Secretaries, have been appointed as Secretarial Auditors of the Company to carry out Secretarial Audit. The Report of the Secretarial Auditors is appended as **'Annexure V'.**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

There are no qualifications, reservations or adverse remarks made in the Secretarial Auditors' Report. The observations made by the Secretarial Auditors are self-explanatory.

**27. RELATED PARTY TRANSACTIONS**

The Company's policy on dealing with Related Party Transactions is disclosed on the Company's website.
(weblink: http://www.naperol.com/pdf/boardpolicies/RPT_Policy.pdf)

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

During the year, the Company had not entered into any contract / arrangement / transactions with related parties which could be considered as material. The related party transactions are disclosed under Note No. 44 of the Notes to Standalone Financial Statements for the financial year 2019-20.

**28. AUDIT COMMITTEE**

The Audit Committee of the Company comprises of 3 Independent Directors. The details are provided in the Corporate Governance Report.

Pursuant to the requirements of the Companies Act, 2013, the Company has established vigil mechanism through the Audit Committee for Directors and Employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics Policy. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

The details of establishment of such mechanism is also disclosed on the Company's website.
(weblink: http://naperol.com/pdf/ boardpolicies/Whistle-Blower-policy.pdf).

**29. RISK MANAGEMENT POLICY**

The Company has formulated a Risk Assessment & Management Policy. The details of Risk Management are covered in the Corporate Governance Report.

**30. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of women employees at workplace. No complaints were received during the year under review.

**31. REPORTING OF FRAUDS**

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder, to either the Company or the Central Government.

**32. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Dr. (Mrs.) Minnie Bodhanwala, Director, retires by rotation at the ensuing Annual General Meeting ('AGM') and being eligible, offers herself for re-appointment.

SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, has made it mandatory for the top 1,000 listed entities based on the market capitalization as on 31$^{st}$ March, 2019, to appoint an Independent Woman Director by 31$^{st}$ March, 2020.

Accordingly, the Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee appointed Mrs. Harshbeena Zaveri as an Independent Woman Director to hold office for a term of five consecutive years with effect from 31$^{st}$ March, 2020 to 30$^{th}$ March, 2025, subject to the approval of the Members at the ensuing AGM of the Company.

The Members of the Company had, at the AGM held on 2$^{nd}$ August, 2018, approved the appointment of Mr. Suresh Khurana, as Chief Executive Officer (CEO) and Director of the Company for a period of three years, commencing from 15$^{th}$ December, 2017.

Mr. Khurana had expressed his desire to take an early retirement to pursue his other interest outside the Company and the Board of Directors, at its meeting held on 4$^{th}$ June 2020, based on the recommendation of Nomination and Remuneration Committee, accepted his request for early retirement. Accordingly, he has ceased to hold the position of CEO and Director of the Company, from the conclusion of the Board Meeting held on 4$^{th}$ June 2020. The Board of Directors places on record its sincere appreciation of the valuable contribution made by Mr. Khurana in the growth of the Company during his tenure in the Company.

The Board of Directors at its meeting held on 4th June 2020, based on the recommendation of Nomination and Remuneration Committee, had appointed Mr. Rajiv Arora as a Whole-Time Director of the Company to be designated as the Chief Executive Officer (CEO) and Director for a period of five years, with effect from 4th June, 2020 to 3rd June, 2025, subject to the approval of the shareholders at the ensuing AGM of the Company. In accordance with the provisions of the Articles of Association of the Company, the Executive Director of the Company is not liable to retire by rotation.

Necessary resolutions for the Directors proposed to be appointed / re-appointed have been included in the Notice convening the AGM and requisite details have been provided in the explanatory statement to the Notice.

The Independent Directors of the Company have given the certificate of independence to the Company stating that they meet the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Key Managerial Personnel**

In terms of the provisions of Section 2(51) and Section 203 of the Companies Act, 2013, the following are the Key Managerial Personnel of the Company:

- Mr. Suresh Khurana, Chief Executive Officer & Director (upto 4th June, 2020)
- Mr. Rajiv Arora, Chief Executive Officer & Director (w.e.f. 4th June, 2020)
- Mr. Conrad Fernandes, Chief Financial Officer
- Mr. Chandukumar Parmar, Company Secretary & Compliance Officer

## 33. NOMINATION AND REMUNERATION POLICY

The Board has adopted, on the recommendation of the Nomination & Remuneration Committee, a policy for selection and appointment of Directors, Senior Management and their remuneration. A brief detail of the policy is given in the Corporate Governance Report and also posted on the Company's website. (weblink: http://www.naperol.com/pdf/boardpolicies/ Nomination_Policy.pdf)

## 34. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the Directors individually and all Committees of the Board. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## 35. PARTICULARS OF EMPLOYEES

The information in terms of provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which forms part of this Report, is appended as **'Annexure VI'.**

However, as per the provisions of Section 136 of the Companies Act, 2013, the report and accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is available for inspection by the Members at the Head Office of the Company during business hours on working days of the Company upto the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## 36. SEBI SETTLEMENT ORDER

During the year, the Company had submitted a settlement application on 13th December, 2019 to the Securities and Exchange Board of India (SEBI) relating to failure of the Company in making timely public announcement to Stock Exchange regarding suspended sentence of one of its Promoter and Non-Executive Director of the Company in April 2019. The settlement application process was based on an undertaking by the Company, without admitting the findings of facts and conclusion of law.

SEBI passed a settlement order dated 29th April, 2020 ('the Settlement Order') in respect of the settlement application and the Company has paid a settlement amount of ₹ 21,67,500/- towards settlement charges for alleged violations of provisions of the Listing Regulations, under the Settlement Order.

Pursuant to the Settlement Order, the possible proceedings against the Company stand settled and no enforcement action will be initiated by SEBI against the Company in respect of the said allegations.

## 37. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in Note No. 14 of the Notes to the Standalone Financial Statements.

## 38. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There have been no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status and the Company's operations in future.

## 39. CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER CERTIFICATION

In terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained Compliance Certificate from the Chief Executive Officer and the Chief Financial Officer.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is appended as **'Annexure VII'.**

## 41. DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is currently not applicable to the Company, since the Company does not fall under the top 500 listed entities as on 31st March, 2020. However, this Policy has been adopted on a voluntary basis, as recommended under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is posted on the Company's website. (weblink: http://naperol.com/pdf/boardpolicies/Dividend_Distribution_Policy.pdf)

## 42. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to the Customers, Vendors, Bankers, Shareholders, Central and State Governments and Regulatory Authorities for their continued co-operation and support. Your Directors also take this opportunity to acknowledge the dedicated efforts made by employees for their contribution to the achievements of the Company.

On behalf of the Board of Directors

NESS N. WADIA
Chairman
(DIN: 00036049)

*Mumbai, 14th July 2020*

## ANNEXURE I TO THE DIRECTORS' REPORT

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

National Peroxide Limited (NPL) is a pioneer in the Hydrogen Peroxide industry in India and is the largest producer of Hydrogen Peroxide in the country with a capacity of 1,50,000 MTPA of 50% (w/w) Hydrogen Peroxide. NPL completed the expansion of production capacity from 95,000 MTPA to 1,50,000 MTPA during the financial year 2019-20. The overall manufacturing capacity of Hydrogen Peroxide in India is approx. 3,41,000 MTPA with five producers, including your Company.

Due to the eco-friendly nature of the product, growing awareness of public towards the environment and increase in stringent environmental regulations, the domestic market has significantly developed over the years. Due to mismatch in demand / supply within the country during 2019-20 and surplus in other Asian countries, there has been continuing import of significant volume. With demand / supply in the country turning surplus in 2020-21, imports are likely to be restricted.

### OPPORTUNITIES AND THREATS

**Outlook for User Industry of Hydrogen Peroxide – An Opportunity:**

**Pulp and Paper:** The Indian paper industry is reported to be the fastest growing paper market among large economies. The industry estimates the overall paper demand to grow at Compound Annual Growth Rate (CAGR) of 5-6% and it reached about 20 Million Tonnes in 2019-20.

The per capita paper consumption in India, at a little over 13 kg., is way behind the global average of 57 kg. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg. per capita would lead to an increase in demand of 1 million tonnes i.e. growth rate of 5%.

The demand was being led by the packaging board segment with increasing demand from the e-commerce industry. While the packaging segment is growing at a much higher than the average rate, the growth in writing-printing segment corroborates with the overall growth. However due to impact of the COVID-19 pandemic, the demand of paper and boards in India in 2020-21 is likely to be negatively affected for some time.

**Textiles:** The Indian Textile and Apparel Market is estimated to be growing at CAGR of 8.7% and expected to touch USD 226 Billion by 2023. Growth in domestic textile industry and Government of India's focus to further develop this sector augurs well for the demand of Hydrogen Peroxide in India. However, due to COVID-19 pandemic, the demand from domestic and export markets, in textile industry is likely to be impacted in the first half of 2020-21.

**Emerging Customer for Hydrogen Peroxide – Environmental/Disinfection Applications**

Demand for Hydrogen Peroxide from oil refineries for effluent treatment has been developing and will continue to grow with increase in the volume of crude oil being processed by existing and upcoming refineries in the country. India needs to double its oil refining capacity by 2040 to meet the ever-increasing demand. Substantial investments planned in this segment both by private and public sector will boost the demand of hydrogen peroxide for refineries.

Disinfection market size has exploded and increased manifold with the present COVID situation. It is expected that the market size would continue to expand as hygiene improvement would be one of the main drivers that would drive the size of the market in future. This offers a new and developing market to Hydrogen Peroxide due to its ability to kill bacteria, virus and fungus.

**Key Raw Material – Natural Gas – Input for Production of Hydrogen Peroxide**

***Import Dependency and Price Volatility – A Threat:***

One of the key inputs in production of Hydrogen Peroxide is Hydrogen Gas. NPL produces this by steam reforming of Natural Gas, which becomes a key raw material for production of Hydrogen Peroxide.

India imports close to 50% of its requirement of Natural Gas. Price of Natural Gas to a very great extent depends on the crude oil price and US$ exchange rate versus Indian Rupee. This makes the price of Natural Gas subject to increased volatility. Also, Natural Gas does not fall under GST regime and input credit is not available for VAT paid.

NPL procures its Natural Gas requirement under a long-term contract with GAIL (India) Limited and therefore, continuity of supply is fairly assured.

## OUTLOOK

The outlook for industry in the near term can only be viewed with cautious optimism. Significant imports continued to take place from Thailand, Bangladesh and South Korea during 2019-20, irrespective of Anti-dumping Duty on imports of Hydrogen Peroxide from Bangladesh, Taiwan, South Korea, Pakistan and Thailand. Increased production from expansion and new capacities in the country should restrict imports and bodes well for the outlook for Hydrogen Peroxide industry in the near to medium term in India. Economic disruptions and demand compression as a result of COVID-19 pandemic would have an impact on the overall global demand and the domestic markets would also be affected; however, the full impact can only be assessed in due course as the situation at present is fairly fluid and dynamic.

## RISKS & CONCERNS

The expansion and new capacities going on stream during the last two years will alter the demand-supply situation in the country significantly. The custom duty, on imports of Hydrogen Peroxide from some of ASEAN and SAARC countries, being zero, distorts the market dynamics. As a result, the margin may come under pressure particularly during periods of higher Gas prices.

## INTERNAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

M/s. Ernst & Young, Chartered Accountants, are the Internal Auditors of the Company. The reports and findings of the Internal Auditors and the internal control system are periodically reviewed by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## FINANCIAL PERFORMANCE

Discussion on financial performance has been dealt with in the Directors' Report, which should be treated as forming part of this Management Discussion and Analysis Report.

## HUMAN RESOURCES

The Company has been maintaining cordial relations with employees at all levels. The Company implements employee engagement programs to promote a motivated work force.

The Company provides in-house and external technical and leadership training to different level of employees for upgrading their technical and leadership skills. Few of our employees were also sent to attend technical programs conducted by the Indian Chemical Council. Various safety awareness trainings were also given to majority of the employees to enhance their awareness about the plant safety. These safety awareness trainings are also conducted for contract employees and security staff from time to time.

The employee strength on the permanent rolls of the Company was 123, as on 31$^{st}$ March, 2020.

## RESOURCES AND LIQUIDITY

The Company finances its long term and working capital requirements by a combination of internal cash generations and sourcing credit lines placed at its disposal by its bankers.

**KEY FINANCIAL RATIOS**

As per provisions of SEBI Listing Regulations, 2015, the Key Financial Ratios are given below:

| Sr. No. | Particulars | 2019-20 | 2018-19 | Explanation for Significant Change |
|---|---|---|---|---|
| 1. | Debtors Turnover Ratio (times) | 6.07 | 9.57 | Debtors turnover ratio has reduced due to lower turnover. |
| 2. | Inventory Turnover Ratio (times) | 4.00 | 5.33 | Inventory turnover ratio has reduced due to higher raw material inventory on account of lower capacity utilsation due to shutdown taken for plant capacity expansion. |
| 3. | Interest Coverage Ratio (times) | 11.59 | 322.89 | Interest coverage ratio has reduced on account of lower turnover and interest on ECB loan taken for plant capacity expansion. |
| 4. | Current Ratio (times) | 0.87 | 5.69 | Current ratio has reduced on account of increase in current financial liabilites which relate to the loan taken for plant capacity expansion. |
| 5. | Debt Equity Ratio (times) | 0.33 | 0.13 | Debt equity ratio has increased on account of ECB loan taken for plant capacity expansion. |
| 6. | Operating Profit Margin (%) | 15.21% | 56.11% | Operating profit margin has reduced on account of lower sales realisation and lower plant capacity utilisation. |
| 7. | Net Profit Margin (%) | 8.33% | 36.38% | Net profit margin has reduced on account of lower sales realisation and lower plant capacity utilisation. |
| 8. | Return on Net Worth (%) | 3.57% | 24.88% | Return on Networth has reduced on account of lower sales realisation and lower plant capacity utilisation. |

**CAUTIONARY STATEMENT**

*Statements in this Management Discussion and Analysis Report 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 raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, US Dollar/Indian Rupee exchange rate, economic developments within India and the countries in which the Company conducts business and other incidental factors.*

*Mumbai, 14th July, 2020*

**ANNEXURE II TO THE DIRECTORS' REPORT**

# REPORT ON CORPORATE GOVERNANCE

The Company's Report on Corporate Governance pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (hereinafter referred to as 'Listing Regulations') for the year ended 31st March, 2020, is given below:

## 1. Company's Philosophy on Code of Governance:

Your Company is committed to bring about good corporate governance practices. The Company's policy on Corporate Governance is to make it a way of life by, *inter alia*, adopting the standard Corporate Governance practices through continual improvement of internal systems and satisfaction of customers and shareholders. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, customers, vendors, employees, government and lenders.

## 2. Board of Directors:

### (a) Composition of the Board:

The Board is headed by Mr. Ness N. Wadia, Non-Executive Chairman and is comprised of eminent persons with considerable professional experience in varied fields. The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with two Woman Directors, one of them being Independent. As on 31st March, 2020, the Board of Directors of the Company comprises of seven Directors, out of which two are Non-Executive Directors, four are Non-Executive Independent Directors and one is Executive Director. None of the Directors of the Company are related to each other. The composition of the Board of Directors meets the requirement of Regulation 17 of the Listing Regulations as detailed in the table at item 2(c) below.

### (b) Board Meetings:

During the year under review, eight Board Meetings were held. The dates on which the meetings were held are:
24th April, 2019; 17th May, 2019; 4th July, 2019; 6th August, 2019; 28th August, 2019; 13th November, 2019; 14th February, 2020 and 19th February, 2020.

### (c) Membership, Attendance and Other Directorships:

| Name of Director | Director Identification Number | Category@ | Designation | Number of Board Meetings Attended | Whether attended last AGM | No of Other Directorships held# | No. of Chairmanship / Membership in other Board Committees * | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Chairman | Member |
| Mr. Ness N. Wadia | 00036049 | NI & NED | Chairman | 6 | Yes | 4 | - | 4 |
| Mr. Rajesh Batra | 00020764 | I & NED | Director | 8 | Yes | 5 | - | 2 |
| Mr. N. P. Ghanekar $ | 00009725 | I & NED | Director | 4 | Yes | N.A. | N.A. | N.A. |
| Mr. S. Ragothaman | 00042395 | I & NED | Director | 6 | Yes | 5 | 3 | 2 |
| Dr. (Mrs.) Minnie Bodhanwala | 00422067 | NI & NED | Director | 7 | Yes | 3 | - | 5 |
| Mr. Viraf Mehta ^ | 00352598 | I & NED | Director | 5 | Yes | 1 | - | - |
| Mrs. Harshbeena Zaveri ^ ^ | 00003948 | I & NED | Director | N.A. | N.A. | 2 | - | 4 |
| Mr. Suresh Khurana ** | 06677496 | WTD | CEO & Director | 8 | Yes | 1 | - | 1 |
| Mr. Rajiv Arora ** | 08730235 | WTD | CEO & Director | N.A. | N.A. | N.A. | - | N.A. |

@ *I: Independent; NED: Non-Executive Director; NI: Non-Independent; WTD: Whole-Time Director.*

# *Excludes Directorship in foreign companies, private companies and companies governed by Section 8 of the Companies Act, 2013;*

* *Chairmanship/Membership includes Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies;*

$ *Mr. N. P. Ghanekar had not offered his candidature for re-appointment for a second term; consequently, he ceased to hold the position of a Director with effect from 10th August, 2019;*

^ *Mr. Viraf Mehta was appointed as a Non-Executive & Independent Director with effect from 4th July, 2019;*

^ ^ *Mrs. Harshbeena Zaveri was appointed as a Non-Executive & Independent Director with effect from 31st March, 2020;*

** *Mr. Suresh Khurana ceased to be Chief Executive Officer & Director w.e.f. the conclusion of the Board Meeting held on 4th June, 2020. Mr. Rajiv Arora was appointed as Chief Executive Officer & Director w.e.f. 4th June, 2020.*

The names of listed companies in which the Directors hold Directorships as on 31st March, 2020 are as under:

| Name of the Director | Directorships of Listed Companies | Category of Directorship |
|---|---|---|
| Mr. Ness N. Wadia | Britannia Industries Ltd. | Non-Executive Non-Independent Director |
| | The Bombay Dyeing and Mfg. Co. Ltd. | |
| | The Bombay Burmah Trading Corp., Ltd. | Executive Director |
| Mr. Rajesh Batra | Cravatex Ltd. | Executive Director |
| | The Bombay Burmah Trading Corp., Ltd. | Non-Executive Independent Director |
| Mr. S. Ragothaman | The Bombay Dyeing and Mfg. Co. Ltd. | Non-Executive Independent Director |
| | Digjam Ltd. | |
| | XPRO India Ltd. | |
| | Shreyas Shipping and Logistics Ltd. | |
| Dr. (Mrs.) Minnie Bodhanwala | The Bombay Dyeing and Mfg. Co. Ltd. | Non-Executive - Non Independent Director |
| | Axel Polymers Ltd. | |
| | The Bombay Burmah Trading Corp., Ltd. | |
| Mr. Viraf Mehta | Nil | Nil |
| Mrs. Harshbeena Zaveri | NRB Bearings Ltd. | Executive Director |
| | SNL Bearings Ltd. | Non-Executive - Non Independent Director |
| Mr. Suresh Khurana (upto 4th June, 2020) | Nil | Nil |
| Mr. Rajiv Arora (w.e.f. 4th June, 2020) | Nil | Nil |

**(d) Matrix highlighting core skills / expertise / competencies of the Board of Directors:**

The Board of Directors have identified the following skills required for the Company and the availability of such skills with the Board.

| Sr. No. | Skills and its description | Mr. Ness N. Wadia | Mr. Rajesh Batra | Mr. S. Ragothaman | Dr. (Mrs.) Minnie Bodhanwala | Mr. Viraf Mehta | Mrs. Harshbeena Zaveri | Mr. Suresh Khurana |
|---|---|---|---|---|---|---|---|---|
| 1 | **Leadership of large organizations.** Experience of leading operations of large organizations with deep understanding of complex business processes, regulatory and governance environment, risk management and ability to visualize and manage change. | √ | - | - | √ | √ | √ | √ |
| 2 | **Visioning and Strategic planning.** Expertise in developing and implementing strategies for sustainable and profitable growth of the Company. | √ | √ | √ | √ | √ | √ | √ |
| 3 | **Industry insights and Innovation.** Insights of Industry behaviour and experience in understanding trends of Industry preferences and innovation management. | √ | - | - | - | - | √ | √ |
| 4 | **Financial Management and Accounting.** Expertise in understanding and management of complex financial functions and processes of large organisations, deep knowledge of accounting, finance and treasury for financial health of the Corporation. | √ | √ | √ | √ | √ | √ | √ |
| 5 | **Knowledge and expertise of Trade and Economic Policies.** Possessing knowledge and expertise of various trade and economic policies, ability to analyse their impact on the business of the Corporation and devise revised strategies. | √ | √ | √ | - | √ | √ | √ |
| 6 | **Governance and Regulatory requirements**. Understanding of the changing legal and regulatory landscape of the Country from time to time. Knowledge and experience in regulatory and governance requirements and ability to identify key risks affecting the governance of the Company. | √ | √ | √ | √ | √ | √ | √ |

**3. Board Committees:**

The Board has constituted the following Committees of the Directors:

**(a) Audit Committee:**

The Audit Committee is constituted as per the provisions of Section 177 of the Companies Act, 2013, ('Act') read with Regulation 18 of the Listing Regulations. The Audit Committee currently comprises of three members, all being Independent Directors. The members of the Audit Committee have wide exposure and knowledge in areas of finance and accounting.

The meetings of the Audit Committee are also attended by the Whole-time Director, the Chief Financial Officer, the Statutory Auditors, the Internal Auditors and the Cost Auditors as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

The Board has adopted an Audit Committee Charter, for its functioning. All the items listed in Section 177 of the Act and Regulation 18(3), read with Part C of Schedule II of the Listing Regulations are covered in its terms of reference.

The role of the Audit Committee flows directly from the Board of Directors overview function on corporate governance, which holds the Management accountable to the Board and the Board accountable to the stakeholders. The term of reference of the Audit Committee broadly includes acting as a catalyst, in helping the organization achieve its objectives. The Audit Committee's primary role is to review the Company's financial statements, internal financial reporting process, internal financial controls, the audit process, adequacy, reliability and effectiveness of the internal control systems and risk management process, vigil mechanism, related party transactions, monitoring process for compliance with laws and regulations and the code of conduct. The Audit Committee also reviews various reports and presentations and the responses thereto by the management.

**Composition and Attendance:**

During the year under review, the Committee met six times, i.e. on 17th May, 2019; 4th July, 2019; 6th August, 2019; 13th November, 2019; 21st January, 2020 and 14th February, 2020. The attendance of each Committee Member is given below:

| Sr. No. | Name of the Director | Designation | Category@ | No. of Meetings Attended |
|---|---|---|---|---|
| 1 | Mr. N. P. Ghanekar* | Chairman | I & NED | 3 |
| 2 | Mr. S. Ragothaman ** | Chairman | I & NED | 5 |
| 3 | Mr. Rajesh Batra | Member | I & NED | 6 |
| 4 | Mr. Viraf Mehta *** | Member | I & NED | 3 |

@ *I: Independent; NED: Non-Executive Director.*

* *Mr. N. P. Ghanekar ceased to be Chairman w.e.f. 6th August, 2019 and a Member w.e.f. 10th August, 2019;*

** *Mr. S. Ragothaman was appointed as Chairman w.e.f. 6th August, 2019;*

*** *Mr. Viraf Mehta was appointed as a Member w.e.f. 6th August, 2019.*

**Internal Audit and Control:**

M/s. Ernst & Young, Chartered Accountants, Internal Auditors of the Company have carried out the Internal Audit for the Financial Year 2019-20. The reports and findings of the Internal Auditors and the internal control system are periodically reviewed by the Audit Committee.

**(b) Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee currently comprises of three members with majority being Independent Directors. The composition of the Committee is in compliance with the requirement of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

**Composition and Attendance:**

During the year under review, the Committee met three times i.e. on 4th July, 2019; 6th August, 2019 and 14th February, 2020. The attendance of each Committee member is given below:

| Sr. No. | Name of the Director | Designation | Category@ | No. of Meetings Attended |
|---|---|---|---|---|
| 1 | Mr. Rajesh Batra | Chairman | I & NED | 3 |
| 2 | Mr. Ness N. Wadia | Member | NI & NED | 3 |
| 3 | Mr. N. P. Ghanekar * | Member | I & NED | 2 |
| 4 | Mr. Viraf Mehta ** | Member | I & NED | 1 |

@ *I: Independent; NI: Non-Independent; NED: Non-Executive Director.*

* *Mr. N. P. Ghanekar ceased to be a Member w.e.f. 10th August, 2019;*

** *Mr. Viraf Mehta was appointed as a Member w.e.f. 6th August, 2019.*

The remuneration policy of the Company is performance driven and structured to motivate the employees, recognize their merits and achievements and promote excellence in their performance. The broad terms of reference of the Nomination and Remuneration Committee include:

- Setup and Composition of the Board, its Committees and the leadership team of the Company comprising of Key Managerial Personnel (KMP) and Executive Team.
- Evaluation of performance of the Board, its Committees and individual Directors.
- Remuneration for Directors, KMPs, Executive Team and other employees.
- Oversight of the familiarisation programme of Directors.
- Oversight of the HR Philosophy, HR and People strategy and Key HR practices.

**Remuneration Policy:**

The remuneration payable to the Executive Director is considered and approved by the Board as per the recommendation of Nomination and Remuneration Committee. Payment of remuneration to the Whole-time Director is governed by the agreement executed between him and the Company. The Board has approved the agreement for appointment of the Whole-time Director and the Members are requested to approve the same at the Annual General Meeting. The criteria adopted by the Committee to determine the remuneration of the Whole-time Director is the performance of the Company and the industry benchmarks. The remuneration structure comprises salary, incentive allowance, commission linked to profits, perquisites and allowance, contribution to provident fund and superannuation fund.

The Non-Executive Directors do not draw any remuneration from the Company. The Non-Executive Directors are paid sitting fees for their commitment towards attending the meetings of the Board/Committees and commission on the basis of their performance, as may be recommended by the Nomination and Remuneration Committee and approved by the Board from time to time. The commission payable to them is distributed broadly on the basis of their attendance; contributions at Board/Committee Meetings and Chairmanship of Committees of the Board.

**A. Details of remuneration paid to the Whole-Time Director during 2019-20 and his shareholding in the Company:**

(Amount in ₹)

| Name | Salary | Benefits* | Commission | Total | Total no. of shares held |
|---|---|---|---|---|---|
| Mr. Suresh Khurana | 1,45,85,427 | 17,42,414 | 48,00,000 | 2,11,27,841 | Nil |

* *Also includes Company's contribution to Provident and Superannuation Funds, amounting to ₹ 17,42,414/-.*

**B. Details of payments made to Non-Executive Directors during the year 2019-20 and their Shareholding in the Company, as on 31st March, 2020:**

(Amount in ₹)

| Name | Commission@ | Sitting Fees | Total | Total no. of shares held |
|---|---|---|---|---|
| Mr. Ness N. Wadia | 64,62,500 | 6,20,000 | 70,82,500 | 4,600 |
| Mr. Rajesh Batra | 21,31,500 | 12,35,000 | 33,66,500 | Nil |
| Mr. N. P. Ghanekar | 25,07,000 | 6,55,000 | 31,62,000 | Nil |
| Mr. S. Ragothaman | 9,12,000 | 7,80,000 | 16,92,000 | Nil |
| Dr. (Mrs.) Minnie Bodhanwala | 9,12,000 | 4,20,000 | 13,32,000 | Nil |
| Mr. Viraf Mehta* | - | 6,40,000 | 6,40,000 | Nil |
| Mrs. Harshbeena Zaveri** | - | - | - | Nil |

*@ Commission relates to FY 2018-19 which was paid in FY 2019-20.*

* Mr. Viraf Mehta was appointed as a Non-Executive & Independent Director with effect from 4th July, 2019.

** Mrs. Harshbeena Zaveri was appointed as a Non-Executive and Independent Director with effect from 31st March, 2020.

Apart from the above, there are no other pecuniary relationships of or transactions by the Non-Executive Directors with the Company.

During 2019-20, a provision of ₹ 32.10 lakh is made in the books of accounts, for payment of commission to Non-Executive Directors, under Section 197 and 198 of the Companies Act, 2013. The individual amounts will be shown in the year of payment.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or to the Employees.

**Details of Service Contracts, Notice Period, etc. of all the Directors for the financial year ended 31st March, 2020:**

| Directors | Contract Period (Tenure) | Service Contract | Notice Period & Severance Fees |
|---|---|---|---|
| Whole-Time Director (Mr. Suresh Khurana) | 3 years w.e.f 15th December, 2017. | Yes | Six months' notice or six months' salary, in lieu thereof. |
| Non-Executive, Non-Independent Director | None. The Non-Executive Directors, liable to retire by rotation, get re-appointed as per the provisions of Articles of Association of the Company and the Companies Act, 2013. | No | None |
| Non-Executive, Independent Director | None. The Non-Executive Independent Directors are appointed for an initial term of 5 years and a second term of 3/5 years. | No | None |

Note: Mr. Rajiv Arora was appointed as Whole-Time Director w.e.f. 4th June, 2020, for a period of 5 years. His service contract will be executed after the approval of shareholders. The notice period is six months and severance fees are six months' salary, in lieu thereof.

**(c) Stakeholders' Relationship Committee:**

The Stakeholders' Relationship Committee, which comprises of three members, has been constituted to monitor and review investors' grievances. The Committee's constitution and terms of reference are in compliance with the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

**Terms of Reference:**

The broad terms of reference of the Committee are as follows:

i. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends/ interest/ refund order/ redemption of debt securities, issue of new/duplicate certificates etc.

ii. To review the measures taken for effective exercise of voting rights by security holders.

iii. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

iv. To review the various measures/ initiatives taken by the Company inter alia for reducing the quantum of unclaimed dividends, ensuring timely receipt of dividend warrant/ annual report/ statutory notices by the security holders of the Company and recommend measures to further enhance the service standards for the benefit of the security holders of the Company.

**Composition and Attendance:**

The Committee met once during the year i.e. on 4th July, 2019. The attendance of each Committee member is given below:

| Sr. No. | Name of Director | Designation | Category@ | No. of Meetings Attended |
|---|---|---|---|---|
| 1 | Mr. N. P. Ghanekar * | Chairman | I & NED | 1 |
| 2 | Mr. Rajesh Batra | Chairman | I & NED | 1 |
| 3 | Mr. Viraf Mehta ** | Member | I & NED | N.A. |
| 4 | Mr. Suresh Khurana *** | Member | WTD | 1 |
| 5 | Mr. Rajiv Arora $ | Member | WTD | N.A. |

@ *I: Independent; NED: Non-Executive Director; WTD: Whole-time Director.*

* *Mr. N. P. Ghanekar ceased to be Chairman w.e.f. 6th August, 2019 and a Member w.e.f. 10th August, 2019;*

** *Mr. Viraf Mehta was appointed as a Member w.e.f. 6th August, 2019;*

*** *Mr. Suresh Khurana ceased to be a Member w.e.f. 4th June, 2020;*

$ *Mr. Rajiv Arora was appointed as a Member w.e.f. 4th June, 2020.*

**Name and Designation of Compliance Officer:**

Mr. Chandukumar Parmar is the Company Secretary and Compliance Officer of the Company.

Shareholders' Complaints:

No. of shareholders' complaints received during the year : 3

No. of complaints not solved to the satisfaction of shareholders : Nil

No. of pending complaints : Nil

**(d) Corporate Social Responsibility (CSR) Committee:**

The CSR Committee comprises of three members. The Committee's constitution and terms of reference are in compliance with the provisions of Section 135 of the Companies Act, 2013.

**Terms of Reference:**

The broad terms of reference of the Committee include:

(i) Review the existing CSR Policy from time to time and the activities to be undertaken by the Company towards CSR activities;

(ii) Recommend the project/programme to be undertaken, amount of expenditure to be incurred, roles and responsibilities of various stakeholders, etc. in respect of CSR activities; and

(iii) Monitoring implementation of the projects/programmes undertaken or the end use of the amount spent by the Company towards CSR activities.

**Composition and Attendance:**

The Committee met twice during the year i.e. on 4th July, 2019 and 13th November, 2019. The attendance of each Committee member is given below:

| Sr. No. | Name of Director | Designation | Category@ | No. of Meetings Attended |
|---|---|---|---|---|
| 1 | Mr. Ness N. Wadia | Chairman | NI & NED | 2 |
| 2 | Mr. Rajesh Batra | Member | I & NED | 2 |
| 3 | Mr. N. P. Ghanekar * | Member | I & NED | 1 |
| 4 | Mr. Viraf Mehta ** | Member | I & NED | 1 |

@ *NI: Non-Independent; I: Independent; NED: Non-Executive Director*

* *Mr. N. P. Ghanekar ceased to be a Member w.e.f. 10th August, 2019;*

** *Mr. Viraf Mehta was appointed as a Member w.e.f. 6th August, 2019.*

**4. Independent Directors' Meeting:**

The Independent Directors met twice during the year i.e. on 4th July, 2019 and 14th February, 2020, *inter-alia*, to discuss the following:

- Evaluation of the performance of the Board as a whole;
- Evaluation of performance of the Non-Independent, Non-Executive Directors and the Board Chairman.
- To assess the quality, quantity, and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

In the opinion of the Board, the Independent Director's fulfil the Conditions specified in SEBI Listing Regulations, 2015 and all independent of the Management.

During the year under review, none of the Independent Director has resigned. However, Mr. N. P. Ghanekar had not offered his candidature for re-appointment for a second term. Consequently, he ceased to hold the position as an Independent Director with effect from 10th August, 2019.

**Familiarization Programme for Independent Directors:**

The Board Members are provided with necessary documents/brochures and reports to enable them to familiarize themselves with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved.

Updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company.
(Weblink: http://www.naperol.com/pdf/boardpolicies/Familiarization_Programme.pdf)

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 ('Act') and the Corporate Governance requirements as prescribed by the Listing Regulations (as may be applicable), the Board of Directors ('Board') has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee ('NRC') reviewed the performance of the individual Directors. A separate meeting of the Independent Directors was also held to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors. This was followed by a Board Meeting that discussed the performance of the Board, its Committees and individual Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee Meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspects of his role.

**5. General Body Meetings:**

a) Details of last three Annual General Meetings are as under:

| Year | Day, Date and Time | Location | No. of Special Resolutions set out at the AGM | Business Transacted |
|---|---|---|---|---|
| 2017-18 | Wednesday, 9th August, 2017 4.00 p.m. | Sunville Banquet & Conference Rooms, 9, Dr. Annie Besant Road, Near Worli Flyover, Worli, Mumbai - 400018. | Nil | Nil |
| 2018-19 | Thursday, 2nd August, 2018 4.00 p.m. | | Nil | Nil |
| 2019-20 | Tuesday, 6th August, 2019 4.00 p.m. | | Two | Re-appointment of Mr. Rajesh Batra and Mr. S. Ragothaman as Independent Directors of the Company |

b) Whether Special Resolutions were passed through postal ballot last year and details of voting pattern: Nil

c) Person who conducted the postal ballot exercise: Not Applicable

d) Whether any Special Resolution is proposed to be passed through postal ballot this year (2020-21): During the current year, if Special Resolutions are proposed to be passed through postal ballot, those will be taken up at the appropriate time.

e) Procedure for Postal Ballot: The procedure for conducting the postal ballot exercise would be as per Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time.

**6. Other Disclosures:**

**(a) Related Party Transactions:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a Policy on Related Party Transactions, which has been posted on the Company's website.
(weblink: http://www.naperol.com/pdf/boardpolicies/RPT_Policy.pdf).

**(b) Disclosure of Accounting Treatment:**

In the preparation of financial statements, the Company has followed the Indian Accounting Standards (Ind-AS) issued by the Institute of Chartered Accountants of India to the extent applicable and notified under the Companies Act, 2013.

**(c) Risk Management:**

A detailed review of business risks and the Company's plan to mitigate them is presented to the Board. The Company has been taking steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Board.

The Company has formulated a Risk Assessment & Management Policy, establishing the philosophy of the Company towards risk identification, analysis and prioritization of risks, development of risk mitigation plans which is reported to the Board periodically.

**(d) Code of Conduct:**

The Board of Directors has adopted the Code of Ethics and Business Principles for the Non-Executive Directors as also for the employees including Executive Director and other Members of Senior Management. The said Code has been communicated to all the Directors and Members of the Senior Management. The Code has also been posted on the Company's website www.naperol.com.

**(e) Vigil Mechanism / Whistle Blower Policy:**

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has implemented a Whistle Blower Policy, with a view to provide a mechanism for employees and Directors of the Company to approach the Ethics Counsellor or the Chairman of the Audit Committee of the Company to report instances of violations of laws, rules and regulations, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct.

The vigil mechanism also provides adequate safeguards against victimization of persons who use such mechanisms and also to ensure direct access to the Ethics Counsellor or the Chairman of the Audit Committee in appropriate or exceptional cases. During the year under review, no person has been denied access to the Audit Committee.

The Company has posted the Whistle Blower Policy on Company's website
(weblink: http://www.naperol.com/pdf/boardpolicies/Whistle_Blower_Policy-Final.pdf)

**(f) Prevention of Insider Trading Code:**

The Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons and Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information ('Code') in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

In Compliance with the SEBI (Prohibition of Insider Trading) Amendment Regulation, 2018 (Amendment Regulations), the Company has amended the Code.

The Company has posted the Code on Company's Website.
(Weblink: http://www.naperol.com/pdf/boardpolicies/Insider_Trading_Policy_Final-v2_Final.pdf)

The Code is applicable to Directors, Employees, Designated Persons and other Connected Persons of the Company.

**(g) Instances of Non-Compliance by the Company, Penalties, Strictures Imposed on the Company:**

There are no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**(h) Recommendations of the Committees**:

During the year under review, the Board has accepted the recommendations of the Committees.

**(i) Policy for Prevention of Sexual Harassment in the Company:**

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and rules made thereunder, the Company has a Policy for prevention of Sexual Harassment in the Company. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Further, the Company has set up an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of the employees at workplace.

Your Directors further state the following pursuant to the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013:

i. Number of complaints filed during the financial year - Nil

ii. Number of complaints disposed off during the financial year – N.A.

iii. Number of complaints pending as on end of the financial year – Nil

**(j) Total fees paid by the Company and its Subsidiary to the Statutory Auditors:**

During the year under review, total fees of ₹ 34.50 lakh has been paid by the Company and its Subsidiary to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is part on the consolidated basis.

**(k) Policy for determining the Material Subsidiaries:**

The policy for determining the material subsidiaries can be accessed from the Company's website.
(Weblink: http://www.naperol.com/board_policies.php)

**7. CEO & CFO Certification:**

Mr. Rajiv Arora, Chief Executive Officer & Director and Mr. Conrad Fernandes, Chief Financial Officer, have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations, pertaining to CEO & CFO Certification for the financial year ended 31st March, 2020.

**8. Means of Communication:**

Annual Reports, Notice of the Meetings and other communications to the Members are sent through e-mail, post or courier. However, this year in view of the outbreak of COVID-19 pandemic and owing to the difficulties involved in dispatching of physical copies of Annual Report, Ministry of Corporate Affairs ('MCA') has vide its Circular No. 20/2020 dated 5th May, 2020 and SEBI Circular dated 12th May, 2020 directed the Companies to send Annual Reports only by e-mail to all the Members of the Company. Therefore, the Notice of 66th AGM of the Company and Annual Report for FY 2019-20 is being sent to the Members at their registered e-mail address in accordance with MCA and SEBI Circulars.

(a) Quarterly Results:

The quarterly, half yearly and yearly financial results are published as per the requirement of the Listing Regulations.

(b) Newspapers wherein results normally published:

Business Standard (English) and Mumbai Lakshadeep (Marathi, the regional language).

(c) Any Website, where displayed:

www.naperol.com and www.bseindia.com

(d) Whether Website also displays official news releases: No

(e) Whether presentations made to institutional investors or to analysts: No

(f) Management Discussion & Analysis Report: The Management Discussion & Analysis Report forms part of the Annual Report.

**9. General Shareholder Information:**

| | | | |
|---|---|---|---|
| **(a)** | **Annual General Meeting** | : | Tuesday, 25th August, 2020 at 3.30 p.m. through Video Conference / Other Audio Video Means |
| **(b)** | **Financial Year** | : | The financial year is from 1st April to 31st March. |
| | **Tentative Schedule** | | |
| | Results for quarter ending 30th June, 2020 | : | By 14th August, 2020 |
| | Results for quarter ending 30th September, 2020 | : | By 14th November, 2020 |
| | Results for quarter ending 31st December, 2020 | : | By 14th February, 2021 |
| | Results for year ending 31st March, 2021 | : | By 30th May, 2021 |
| | AGM for year ending 31st March, 2021 | : | By August 2021 |
| **(c)** | **Date of Book Closure** | : | Wednesday, 19th August, 2020 to Tuesday, 25th August, 2020 (both days inclusive) |
| **(d)** | **Dividend Payment Date** | : | On or after Tuesday, 1st September, 2020 |
| **(e)** | **Listing on Stock Exchange** | : | The Company's shares are listed on BSE Ltd. The Company has paid applicable listing fees for Financial Year 2020-21. |

**(f) Stock Code**

Demat Code : 500298

Demat ISIN Number for NSDL & CDSL : INE585A01020

Scrip ID (on the BSE website- www.bseindia.com) : NATPEROX

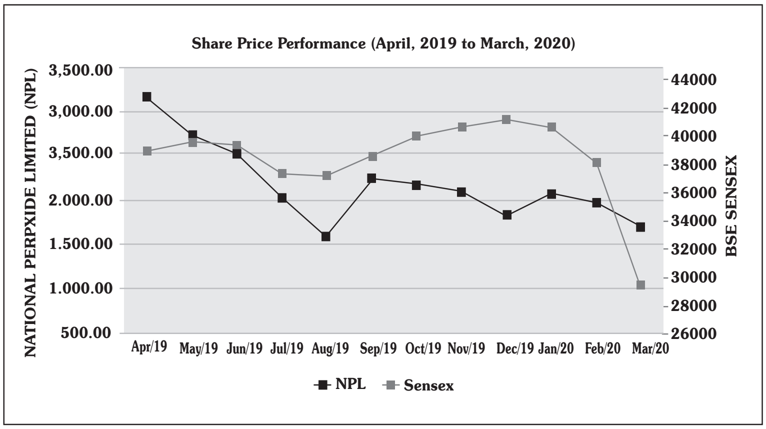
Corporate Identification Number : L24299MH1954PLC009254

**(g) Stock Market Data (for face value of ₹ 10/- per share):**

| Month | High (₹) | Low (₹) | No. of Shares | No. of Trades | Net Turnover (₹) |
|---|---|---|---|---|---|
| April 2019 | 3,170 | 2,622 | 1,22,453 | 18,694 | 36,05,80,973 |
| May 2019 | 2,748 | 2,255 | 1,34,741 | 20,706 | 33,83,52,248 |
| June 2019 | 2,541 | 1,880 | 1,04,185 | 17,380 | 22,41,23,757 |
| July 2019 | 2,050 | 1,403 | 87,947 | 13,718 | 15,54,44,733 |
| August 2019 | 1,600 | 1,272 | 2,19,034 | 27,604 | 31,71,15,848 |
| September 2019 | 2,250 | 1,400 | 2,54,801 | 30,591 | 47,01,09,492 |
| October 2019 | 2,188 | 1,761 | 1,09,450 | 16,764 | 21,83,79,490 |
| November 2019 | 2,115 | 1,471 | 1,41,792 | 19,058 | 24,01,05,881 |
| December 2019 | 1,840 | 1,417 | 1,16,622 | 16,609 | 18,98,72,387 |
| January 2020 | 2,080 | 1,712 | 1,42,810 | 19,664 | 27,01,80,607 |
| February 2020 | 1,980 | 1,585 | 95,531 | 12,183 | 16,96,09,095 |
| March 2020 | 1,714 | 821 | 1,04,153 | 11,464 | 13,42,59,486 |

Data based on BSE website: https://www.bseindia.com/markets/equity/EQReports/StockPrcHistori.aspx?flag=0

**(h) Stock Performance:**




Data based on BSE website: https://www.bseindia.com/markets/equity/EQReports/StockPrcHistori.aspx?flag=0

**(i) Registrar and Transfer Agents:**

**Sharex Dynamic (India) Private Limited**
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083.
Tel: 022-2851 5606 / 2851 5644; E-mail: support@sharexindia.com.

**(j) Share Transfer System:**

Share transfers in physical form are processed within the prescribed period of 15 days from the date of receipt, in case documents were complete in all respects. Pursuant to Circulars issued by SEBI, transfer of shares in physical form is not permitted from 1st April, 2019. Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

**(k) (i) Distribution of Shareholding as on 31st March, 2020:**

| Group of shares | No. of shareholders | No. of shares held | %age to total shares |
|---|---|---|---|
| 1 to 50 | 13,071 | 2,07,618 | 3.61 |
| 51 to 100 | 1,790 | 1,48,373 | 2.58 |
| 101 to 250 | 2,500 | 3,79,716 | 6.61 |
| 251 to 500 | 474 | 1,78,170 | 3.10 |
| 501 to 1,000 | 198 | 1,44,458 | 2.51 |
| 1,001 to 5,000 | 143 | 2,91,144 | 5.07 |
| 5,001 to 10,000 | 18 | 1,24,444 | 2.17 |
| 10,001 and above | 14 | 42,73,077 | 74.35 |
| **Total** | **18,208** | **57,47,000** | **100.00** |

**(ii) Category of Shareholders as on 31st March, 2020:**

| Category | No. of shares held | %age to total shares |
|---|---|---|
| Indian Promoters | 40,09,909 | 69.77 |
| Foreign Promoters | 56,750 | 0.99 |
| Banks | 578 | 0.01 |
| Mutual Funds | - | - |
| Foreign Portfolio Investors | - | - |
| Corporate Bodies | 1,39,153 | 2.42 |
| Indian Public | 13,97,492 | 24.32 |
| Alternate Investment Funds | 1,357 | 0.03 |
| Non-Banking Financial Company registered with RBI | - | - |
| NRI/OCB | 42,698 | 0.74 |
| Clearing Members | 13,265 | 0.23 |
| Investor Education Protection Fund (IEPF) | 22,508 | 0.39 |
| Hindu Undivided Family (HUF) | 63,290 | 1.10 |
| **Total** | **57,47,000** | **100.00** |

**(l) Dematerialization of Shares and Liquidity:**

98.91% of the outstanding Equity Shares have been dematerialised upto 31st March, 2020. Trading in Equity Shares of the Company is permitted only in dematerialised form. The trading / liquidity details are given at item 9(g) above.

**(m) Share Capital Audit:**

As stipulated by SEBI, a qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and shares held in physical form as per the register of members vis-à-vis the total issued and listed capital. This audit is carried out every quarter. The report is submitted to BSE Ltd. and is also placed before the Board of Directors.

**(n) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity:** None

**(o) Investor Education and Protection Fund:**

In terms of Section 124(5) of the Companies Act, 2013 read with the Rules made thereunder, the Company has credited during the year ended 31st March, 2019, a sum of ₹ 507,996/-, being unclaimed dividend, to the Investor Education and Protection Fund (IEPF). The Company has, during the year, transferred 1,405 Equity shares of the Company to IEPF Authority pursuant to Section 124(6) of the Companies Act, 2013 read with the Rules made thereunder.

**(p) Plant Location:** N.R.C. Road, P.O. Atali, Via Mohone, Kalyan - 421102, District Thane, Maharashtra.

**(q) List of credit ratings obtained during the year**: India Ratings has given the credit rating of 'IND A+'/Stable for debt instrument / facilities of the Company.

**(r) Address for Correspondence:**

| | | |
|---|---|---|
| For Shares held in Physical Form | : | Sharex Dynamic (India) Pvt. Ltd.<br>C-101, 247 Park, L.B.S. Marg, Vikhroli (West),<br>Mumbai – 400083.<br>Tel: 022-2851 5606 / 2851 5644;<br>E-mail: support@sharexindia.com |
| For Shares held in Demat Form | : | To the Depository Participant. |
| For any query on Annual Report/Dividend/ Investors' Assistance | : | The Company Secretary,<br>National Peroxide Ltd.,<br>C-1, Wadia International Centre,<br>Pandurang Budhkar Marg, Worli, Mumbai 400 025.<br>Tel: 022 - 6662 0000; Fax: 022 - 6619 3421<br>E-mail: secretarial@naperol.com |

Pursuant to the provisions of the Listing Regulations, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail address for the same is secretarial@naperol.com.

**10. Non-compliance of any Requirement of Corporate Governance Report:**

The Company has complied with the requirements as mentioned in Schedule V, Para C, sub-paras (2) to (10) of the Listing Regulations.

**11. Compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

The Company has complied with all the requirements as specified in the Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**12. Discretionary Requirements (Non-mandatory):**

**(a) Office of the Chairman of the Board:**

The expenses incurred by the Chairman's Office in respect of Company's business is borne by the Company.

**(b) Shareholder Rights:**

The Company's quarterly and half-yearly results are furnished to the Stock Exchange and also published in the newspapers and are also posted on the Company's website and therefore not sent to the shareholders.

Adoption of other non–mandatory requirements under Regulation 34 of the Listing Regulations is being reviewed by the Board from time to time.

**13. Certificate from Company Secretary in Practice:**

The Company has obtained a certificate from M/s. Parikh & Associates, Company Secretaries, required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority, which forms part of this report.

*Mumbai, 14th July, 2020*

---

## DECLARATION

As required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2020.

For NATIONAL PEROXIDE LIMITED

RAJIV ARORA
*Chief Executive Officer & Director*
(DIN: 08730235)

*Mumbai, 14th July, 2020*

# CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

**[Pursuant to Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015]**

To,
The Members of
**National Peroxide Limited**
Neville House, J.N. Heredia Marg,
Ballard Estate, Mumbai - 400001.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of National Peroxide Limited having CIN L24299MH1954PLC009254 and having registered office at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai-400001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment in Company |
|---|---|---|---|
| 1. | Ness Nusli Wadia | 00036049 | 18/03/1997* |
| 2. | Rajesh Batra | 00020764 | 30/12/2005* |
| 3. | Ragothaman Rao Sethumadhava | 00042395 | 29/08/2013* |
| 4. | Minnie Aarasp Bodhanwala | 00422067 | 01/10/2015* |
| 5. | Viraf Rustom Mehta | 00352598 | 04/07/2019* |
| 6. | Harshbeena Zaveri | 00003948 | 31/03/2020** |
| 7. | Suresh Khurana | 06677496 | 15/12/2017* |

* the date of appointment is as per the MCA Portal.

** Mrs. Harshbeena Zaveri was appointed as an Independent Woman Director with effect from 31st March, 2020.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
Practising Company Secretaries

J.U. Poojari
FCS No: 8102 CP No: 8187
UDIN: F008102B000451127
Mumbai, July 14, 2020

# CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
**National Peroxide Limited**
Mumbai

We have examined the compliance of conditions of Corporate Governance by **National Peroxide Limited** ('the Company'), for the financial 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 Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Nilesh Shah & Associates
Company Secretaries

(Nilesh Shah)
Partner (FCS - 4554)
C.P. No: 2631
Peer Review No. 698/2020

Place: Mumbai
Date: 16th July, 2020
(Initialed on 14th July, 2020)
UDIN: F004554B000461582

**ANNEXURE III TO THE DIRECTORS' REPORT**

# BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Directors present the Business Responsibility Report ('BRR') of the Company for FY 2019-20.

The Reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the 9 Principles.

## SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|---|---|---|
| 1. | Corporate Identification Number (CIN) of the Company | L24299MH1954PLC009254 |
| 2. | Name of the Company | National Peroxide Limited |
| 3. | Registered Address | Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai-400001 |
| 4. | Website | www.naperol.com |
| 5. | Email Address | secretarial@naperol.com |
| 6. | Financial Year reported | 1st April, 2019 to 31st March, 2020 |
| 7. | Sector(s) that the Company is engaged in | Hydrogen Peroxide – NIC Code 20297<br>Hydrogen Gas – NIC Code 20111<br>Peracetic Acid – NIC Code 20299 |
| 8. | List three key products/ services that the Company manufactures/ provides | - Hydrogen Peroxide<br>- Hydrogen Gas<br>- Peracetic Acid |
| 9. | Total number of locations where business activity is undertaken by the Company:<br>(a) Number of International locations (provide details of major 5);<br>(b) Number of National locations. | a) International location – None<br>b) National location – One |
| 10. | Markets served by the Company:<br>Local/ State/ National/ International | National |

## SECTION B : FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1. | Paid up Capital (INR) | ₹ 574.70 lakh |
| 2. | Total Turnover (INR) | ₹ 20,859.97 lakh |
| 3. | Total Profit /(Loss) after taxes (INR) | ₹ 1,736.62 lakh |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | As per Section 135 of the Companies Act, 2013 read with the Rules made thereunder, the Company is required to spend ₹ 305.85 lakh, being 2% of average net profit of last 3 financial years.<br>The Company has spent ₹ 306 lakh on CSR activities for FY 2019-20. |
| 5. | List of activities in which expenditure in 4 above has been incurred. | a) Promoting healthcare including preventive healthcare.<br>b) Promoting education<br>c) Eradicating hunger, poverty and malnutrition.<br>d) Sanitation. |

**SECTION C : OTHER DETAILS**

| | | |
|---|---|---|
| 1. | Does the Company have subsidiary/ subsidiaries | Yes. The Company has one subsidiary. |
| 2. | Do the subsidiary companies participate in the Business Responsibility initiatives of the parent Company? If yes, then indicate the number of such subsidiary companies. | No. The subsidiary conducts its own BR initiatives, as applicable. |
| 3. | Do any other entity/ entities (eg suppliers/ distributors etc.) that the Company does business with participate in the Business Responsibility activities of the Company? If yes, then indicate the percentage of such entity/ entities. [less than 30%, 30% - 60%, more than 60%] | No. The Company does not mandate its suppliers and partners to participate in the Company's BR initiatives. However, they are encouraged to do so. |

**SECTION D: BUSINESS RESPONSIBILITY INFORMATION**

**1.** (a) Details of Director/ Directors responsible for Business Responsibility

Mr. Suresh Khurana
Chief Executive Officer & Director (upto 4th June, 2020)
(DIN: 06677496)

Mr. Rajiv Arora
Chief Executive Officer & Director (w.e.f. 4th June, 2020)
(DIN: 08730235)

(b) Details of the Business Responsibility Head

Mr. Conrad Fernandes
Chief Financial Officer
Tel.: 022-6662 0000
E-mail: secretarial@naperol.com

**2. Principle-wise (as per NVGs) BR Policy / Policies**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are :

P1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 : Businesses should promote the well-being of all employees.

P4 : Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 : Businesses should respect and promote human rights.

P6 : Businesses should respect, protect and make efforts to restore the environment.

P7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 : Businesses should support inclusive growth and equitable development.

P9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**(a) Details of Compliances ( Reply in Y/N)**

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Yes | | | | | | | | |
| 3. | Does the policy conform to any National / International standards? If yes, specify. | The policies confirm to the National and International standards like ISO 9001, ISO 14001, OHSAS 45001, ISO 50001 and RC 14001. | | | | | | | | |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director? | Policies mandated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and other applicable policies are approved by the Managing Director / Chief Executive Officer or Functional Heads of the Company as appropriate. | | | | | | | | |

| Sr. No. | Questions | |
|---|---|---|
| 5. | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | The Company has Audit Committee, Stakeholders, Relationship Committee, CSR Committee and also adequate internal control systems to oversee the implementation of policies. |
| 6. | Indicate the link for the policy to be viewed online? | The policies are posted on the website of the Company at www.naperol.com. |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes, wherever appropriate. |
| 8. | Does the Company have in-house structure to implement the policy/policies. | Yes |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes, wherever appropriate. |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Yes, wherever appropriate. |

(b) **If answer to the question at serial no. 1 against any principle is 'No', please explain why:** Not Applicable

3. **Governance related to Business Responsibility (BR)**

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. (Within 3 months, 3-6 months, Annually, More than 1 year) :**

Annually

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?**

Yes, The Company publishes the Business Responsibility Report annually as part of the Annual Report and the same is available on the website of the Company at www.naperol.com.

**SECTION E : PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?**

The Company has a Code of Conduct for its Directors and Employees that cover issues *inter-alia* related to ethics, workplace responsibilities and conflict of interest. It also covers all dealings with suppliers, customers and other business associates.

Further, the Company has adopted a Whistle Blower Policy to provide a mechanism for Employees and Directors of the Company to approach the Ethics Counsellor or Chairman of the Audit Committee of the Company for reporting unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and SEBI Insider Trading Regulations.

The Company also has a policy in place for prevention of Sexual Harassment at Workplace which strives to provide a safe and respectable work environment and covers all the employees (permanent, contractual, temporary and trainees) of the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof:**

In the past financial year, the Company did not receive any complaint from any stakeholder under the Code of Conduct.

**Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities:**

As an environmentally conscious Company, National Peroxide continues to innovate and use efficient technologies to bring down its strain on environment.

For production of Hydrogen Peroxide, Hydrogen Gas and Peracetic Acid, the Company has addressed environmental and safety concerns relating to hazard identification and risk assessment while implementing Environment Management System (ISO 14001:2015) and Occupational Health and Safety Management System (ISO 45001:2018).

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Details of Conservation of Energy are given in Annexure-VII of the Annual Report.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

The Company strives to integrate social, ethical and environmental factors across the entire supply chain.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

The Company gives preference to micro, small and medium enterprises (MSME) for business opportunity and upliftment of lower middle class, wherever possible.

**5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

The Company while pursuing energy efficiency programs in the factory also takes initiatives for recycling of wastes generated during production. The Company's manufacturing facility is committed to zero discharge. Water from the effluent treatment plants is also recycled within the factory to maintain greenbelts / gardens/ landscapes.

The Company is certified for Responsible Care Logo by Indian Chemical Council. As a Responsible Care Company, various efforts have been taken for recycling of products and wastes in the plant, e.g., recycling of treated effluent to cooling tower (30-35%), recycling of Palladium catalyst, recycling of wash/used acetone.

**Principle 3: Businesses should promote the well-being of all employees.**

The Company ensures its development & growth by investing in the satisfaction and well-being of its employees. The Company takes its responsibility seriously to provide a safe working environment and recognizes that employees are more productive when they are healthy, feel good and work safely, and the Company's wellness programs raise awareness of health issues by encouraging its employees to adopt a healthy lifestyle. The Company also tailors its safety programs to minimize hazards at workplace.

1. Total number of employees : 123
2. Total number of employees hired on temporary/contractual/casual basis : 6
3. Number of permanent women employees : 4
4. Number of permanent employees with disabilities : 1
5. Do you have an employee association that is recognized by management :

   There is a registered and recognized trade union at the Company's manufacturing location.
6. What percentage of your permanent employees is members of this recognized employee association: 50% of total employees.
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year : Nil
8. What percentage of your undermentioned employees were given safety and skill upgradation training in the last year?

   As part of the Company's training calendar regular trainings with respect to safety and skill upgradation are provided to its Permanent and Casual / Temporary / Contractual Employees.

**Principle 4 : Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the Company mapped its internal and external stakeholders?**

Yes.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders:**

The Company is committed towards proactively engaging with all the employees, business associates, customers and communities who may be disadvantaged, vulnerable and marginalized.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof.**

   The Company and the Wadia Group as a whole, think beyond business and undertakes various initiatives to improve the lives of the lower socio-economic sections of the society and also through Wadia Group Children and Maternity Hospitals and Wadia Trusts which mostly caters to the lowest strata of the Society. The details of the activities are given in Annexure-IV CSR Report forming part of the Annual Report.

**Principle 5 : Businesses should respect and promote human rights.**

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   Code of Business Conduct extends not only to employees of the Company but also others who work with or represent the Company directly or indirectly. The Company's Sexual Harassment Policy is applicable to all the employees including contractual and also covers trainees, consultants, contractors and vendors.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   During the financial year 2019-20, the Company did not receive any complaint with respect to human rights violation.

**Principle 6 : Businesses should respect, protect and make efforts to restore the environment.**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others:**

   The Company has an Environment, Health and Safety Policy that covers areas of compliance with statutory standards.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Climate change, global warming and environmental degradation pose unique challenges as well as opportunities for the Company. The Company is continuously implementing process improvements to reduce emissions and wastes.

3. **Does the company identify and assess potential environmental risks?**

   Sustainable development is at the core of the Company's operations which is also outlined in the Environment, Health and Safety Practices. The Company follows sound environmental management practices at its manufacturing unit to assess and address potential environmental risks.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?**

   While the Company has so far not registered any project related to Clean Development Mechanism, it is continuously endeavouring to identify opportunities to contribute in this regard.

5. **Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**

   The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment. The details of initiatives taken for conservation of energy are given in Annexure-VII to the Directors' Report forming part of the Annual Report.

   The same is available on the website of the Company at www.naperol.com.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   As per the Company's monitoring and measurement, all applicable statutory requirements with respect to emissions/ waste are complied with.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year**.

   Nil

**Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. **Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

   Yes, the Company is the Member of various trade and industrial associations like Indian Chemical Council (ICC), National Safety Council (NSC) and Federation of Indian Chambers of Commerce and Industry (FICCI).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas:**

   The Company is represented in various associations and actively participates in various seminars, conferences and other forum on issues and policy matters that impact the interest of its stakeholders.

**Principle 8 : Businesses should support inclusive growth and equitable development.**

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company contributes to CSR initiatives, the details of which are given in Annexure-IV to the Directors' Report forming part of the Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The Company's CSR projects are implemented through Sir Ness Wadia Foundation, Nowrosjee Wadia Maternity Hospital and Bai Jerbai Wadia Hospital for Children.

3. **Have you done any impact assessment of your initiative?**

   The Company assesses the impact of the CSR Projects and Programs undertaken at its Board and CSR Committee meetings. An update on the CSR project and programs is placed at the Board and CSR Committee meetings for their review and assessment.

4. **What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   The Company has spent ₹ 306 Lakh as part of its CSR initiatives for FY 2019-20. Details of the projects are provided in Annexure-IV to the Directors' Report forming part of Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community.**

   The CSR projects and programs are undertaken after identifying the communities that require development. The Company also interacts with the stakeholders to ensure that its projects are being implemented effectively.

**Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   Nil. The Company has resolved all customer complaints received during the financial year 2019-20.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws?**

   Yes. Product information about the physical dimensions and chemical compositions is provided through the product labels/pack declaration and/or catalogues.

   Further, the Company voluntarily engages customers through various fora such as meets, one to one interaction, and telephonic conversation to provide product information, over and above mandatory requirements.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.**

   As on 31st March 2020, there are no cases pending under Competition Act.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   As a process, the Company collects customer feedback on regular basis. Reports of the same are shared with the stakeholders for necessary action to improve the products/ services.

*Mumbai, 14th July, 2020*

**ANNEXURE IV TO THE DIRECTORS' REPORT**

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes:**

   The CSR initiatives of the Company aim towards: (i) promoting health care including preventive healthcare; (ii) promoting education; (iii) eradicating hunger, poverty and malnutrition; and (iv) sanitation.

   The Company has framed a CSR Policy in compliance with the provisions of the Act, which is available on the Company's website and the web-link for the same is http://www.naperol.com/pdf/boardpolicies/NPL_CSR_Policy.pdf

2. **Composition of the CSR Committee:**

| | | |
|---|---|---|
| i. | Mr. Ness N. Wadia | Chairman (Non-Independent, Non-Executive Director) |
| ii. | Mr. Rajesh Batra | Member (Independent Director) |
| iii. | Mr. Viraf Mehta | Member (Independent Director) w.e.f. 6th August, 2019. |

3. **Average net profit of the Company for last three financial years:** ₹ 1,52,92,69,617/-
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** The Company is required to spend at least ₹ 3,05,85,392/- towards CSR activities.
5. **Details of CSR spent during the financial year:**
   a) **Total amount spent for the financial year:** ₹ 3,06,00,000/-
   b) **Amount unspent, if any:** Nil
   c) **Manner in which the amount spent during the financial year is detailed below:**

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Sr. No.** | **CSR Project or Activity identified** | **Sector in which the project is covered** | **Projects or programmes [1] Local area or other [2] Specify the state and district where projects or programmes were undertaken.** | **Amount outlay (Budget) projects or programmes wise (₹)** | **Amount spent on the projects or programmes** | | **Cumulative expenditure up to the reporting period (₹)** | **Amount spent: directly or through implementing agency* (₹)** |
| | | | | | **Direct expenditure on programmes or projects (₹)** | **Over-heads (₹)** | | |
| 1. | Upgradation of facilities and Services at Bai Jerbai Wadia Hospital for Children. | Promoting health care | State: Maharashtra District: Mumbai | 1,17,75,000 | 1,17,75,000 | - | 1,17,75,000 | Spent directly |
| 2. | Upgradation of facilities and Services at Nowrosjee Wadia Maternity Hospital. | Promoting health care | State: Maharashtra District: Mumbai | 69,00,000 | 69,00,000 | - | 69,00,000 | Spent directly |
| 3. | Supporting Nutrition Project along with Medical Equipment and Sanitation | Eradicating hunger and malnutrition, Promoting preventive health care and Sanitation | State: Maharashtra District: Thane (Murbad) and Kalyan | 1,19,25,000 | 1,19,25,000 | - | 1,19,25,000 | Implementing Agency* |
| | | | | 3,06,00,000 | 3,06,00,000 | - | 3,06,00,000 | 3,06,00,000 |

* Implementing Agency - Sir Ness Wadia Foundation.

6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For National Peroxide Limited

RAJIV ARORA
Chief Executive Officer & Director
(DIN: 08730235)

*Mumbai, 14th July, 2020*

For and on behalf of the
Corporate Social Responsibility Committee of
National Peroxide Limited

NESS N. WADIA
Chairman, CSR Committee
(DIN: 0036049)

**ANNEXURE V TO THE DIRECTORS' REPORT**

**FORM No. MR-3**

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31$^{ST}$ MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
National Peroxide Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by National Peroxide 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, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31$^{st}$ March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31$^{st}$ March, 2020 according to the applicable provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(v) 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, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

  (f) 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; (Not applicable to the Company during the audit period)

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company namely:-

  (a) The Manufacture Storage & Import of Hazardous Chemicals Rules, 1989, as amended;

  (b) The Hazardous & Other Waste (Management, Handling & Trans Boundary Movements) Rules, 2016;

(c) The Petroleum Act, 1934 and the Petroleum Rules, 2003;

(d) The Indian Boilers Act, 1923;

(e) Indian Boiler Regulations, 1950 and amendments thereof;

(f) Explosives Act, 1884 & Rules, 1981 & Static and Mobile Pressure Vessel (Unfired) Rules, 1981;

(g) The Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Amendment Order, 2009; and

(h) Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996.

We have also examined compliance with the applicable clauses of the following which have been generally complied:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., as mentioned above except that the payment of managerial remuneration is in excess of the limit specified in Section 197 read with Schedule V to the Act, which is subject to approval of the members at the ensuing Annual General Meeting of the Company.

During the year under review, the Company received the Show Cause Notice ('SCN') dated 15th October, 2019 for violation of Regulation 30 and other related provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of one of its Directors. In response to the SCN, the Company without admitting the findings of facts and conclusions of law submitted a settlement application on 13th December, 2019 to SEBI in accordance with the provisions of Section 15JB of the SEBI Act, 1992 read with Regulation 3 of the SEBI (Settlement Proceedings) Regulations, 2018.

SEBI passed a settlement order dated 29th April, 2020, pursuant to which the Company has paid the settlement amount of Rs. 21,67,500/- and the Director also paid the settlement amount as communicated by SEBI. Pursuant to this Settlement Order, the adjudication proceedings under the aforementioned SCN against the Company and the Director stands settled.

We further report that:

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

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 for meetings other than those held at shorter notice 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 at the Board Meetings were taken unanimously.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period the Company had no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For Parikh & Associates**
Company Secretaries

Signature:
J.U. Poojari
Partner
FCS No: 8102 CP No: 8187
UDIN: F008102B000451072

Place: Mumbai
Date: 14th July, 2020

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

## 'Annexure A'

To,
The Members
National Peroxide Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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 process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
Company Secretaries

Signature:
J.U. Poojari
Partner
FCS No: 8102 CP No: 8187
UDIN: F008102B000451072

Place: Mumbai
Date: 14th July, 2020

**ANNEXURE VI TO THE DIRECTORS' REPORT**

## DETAILS OF THE REMUNERATION OF DIRECTORS, KMPs AND EMPLOYEES

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:**

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director/ KMP for the F.Y. 2019-20 (₹ in lakh) | % increase in Remuneration in the F.Y. 2019-20 | Ratio of remuneration of each Director/ KMP to median remuneration of employees |
|---|---|---|---|---|
| 1. | Mr. Ness N. Wadia, Chairman (Non-Executive & Non-Independent) | 64.63 | 59.57 | 6.26:1 |
| 2. | Mr. Rajesh Batra, Director (Non-Executive & Independent) | 21.32 | 34.23 | 2.06:1 |
| 3. | Mr. N. P. Ghanekar, Director * (Non-Executive & Independent) | 25.07 | * | 2.43:1 |
| 4. | Mr. S. Ragothaman, Director (Non-Executive & Independent) | 9.12 | (8.43) | 0.88:1 |
| 5. | Dr. (Mrs.) Minnie Bodhanwala, Director (Non-Executive & Non-Independent) | 9.12 | 62.57 | 0.88:1 |
| 6. | Mr. Viraf Mehta ** (Non-Executive & Independent) | - | ** | ** |
| 7. | Mrs. Harshbeena Zaveri *** (Non-Executive & Independent) | - | *** | *** |
| 8. | Mr. Suresh Khurana, Chief Executive Officer & Director $ | 211.28 | 19.46 | 20.45:1 |
| 9. | Mr. Conrad Fernandes, Chief Financial Officer# | 69.34 | # | 6.71:1 |
| 10. | Mr. Chandukumar Parmar, Company Secretary# | 11.82 | # | 1.14:1 |

**Note:**

* Mr. N. P. Ghanekar ceased to be an Independent Director with effect from 10th August, 2019. Details not given as he was Director for part of the financial year 2019-20.

** Mr. Viraf Mehta was appointed as a Non-Executive & Independent Director with effect 4th July, 2019. Details not given as he was Director for part of the financial year 2019-20.

*** Mrs. Harshbeena Zaveri was appointed as a Non-Executive & Independent Woman Director with effect from 31st March, 2020. Details not given as she was Director for part of the financial year 2019-20.

$ Mr. Suresh Khurana ceased to hold the position of Chief Executive Officer & Director with effect from the conclusion of the Board Meeting held on 4th June, 2020. Mr. Rajiv Arora was appointed as a Chief Executive Officer & Director with effect from 4th June, 2020.

\# Details not given as they were Employees for part of the financial year 2018-19.

1. **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:**

   The median remuneration of employees of the Company during the financial year was ₹ 10.33 lakh and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year is provided in the above table.

2. **The percentage increase in the median remuneration of employees in the financial year:**

   In the financial year, there was an increase of 8.16 % in the median remuneration of employees.

3. **The number of permanent employees on the rolls of the Company:**

   There were 123 permanent employees on the rolls of the Company as on 31st March, 2020.

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   Average percentage increase in the salaries of employees other than Managerial Personnel in FY 2019-2020 on comparable basis was 8.90 % over previous year whereas Managerial Remuneration was increased by 7.67 %, mainly due to inclusion of Bonus paid to Chief Executive Officer and Commission paid to Non-Executive Directors in view of the efforts being put in by them to enhance the overall performance of the Company and for sustained efforts for future growth.

5. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

   It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

On Behalf of the Board of Directors

NESS N. WADIA
Chairman
(DIN: 00036049)

*Mumbai, 14th July, 2020*

**ANNEXURE VII TO THE DIRECTORS' REPORT**

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

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

**The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:**

## A. CONSERVATION OF ENERGY:

**(a) The steps taken or impact on conservation of energy:**

Several measures for conservation of energy were undertaken during the year. Some of the key measures are highlighted as under:

- Installed several new energy efficient equipment such as Air Compressors, Pumps & Motors, Cooling Tower refrigeration unit and 800 kva UPS system.
- Installed new Steam turbine for generating power from high pressure steam of Hydrogen Gas (H2) plant.
- Replaced 2MVA transformers in Main Sub-station with new 7.5MVA Transformers and 22KV out-door switchyard and 22KV indoor MOCB distribution system with new 22KV indoor distribution system with VCB Panels for improved efficiency.
- Installed energy efficient LED light fittings in plant and peripheral area for better security.

These measures, along with the measures taken during the past few years, have resulted in significant reduction in energy consumption.

**Total energy consumption & energy consumption per unit of production:**

A. POWER AND FUEL CONSUMPTION

| | | | | 2019-20 | *2018-19* |
|---|---|---|---|---|---|
| 1. | **Electricity** | | | | |
| | a. | Purchased: | | | |
| | | Units (KWH) | | 2,58,95,800 | *3,55,05,800* |
| | | Total Amount (₹ in lakh) | | 2,220.89 | *2,753.21* |
| | | Rate/Unit (₹/KWH) | | 8.58 | *7.75* |
| | b. | Own Generation: | | | |
| | | (i) | Through diesel generator Units (KWH) | 74,680 | *48,960* |
| | | | Units/litre of diesel oil (KWH) | 3.32 | *3.63* |
| | | | Cost of diesel /Unit (₹/KWH) | 18.92 | *15.02* |
| | | (ii) | Through steam turbine/ generator | Not Applicable | |
| 2. | **Coal** | | | Not Applicable | |
| 3. | **Fuel** | | | | |
| | a. | **Furnace Oil** | | | |
| | | Quantity (MT) | | 9.771 | *0.00* |
| | | Total amount (₹ in lakh) | | 2.88 | *0.00* |
| | | Average rate (₹/MT) | | 29,437.47 | *0.00* |
| | b. | **Natural Gas** | | | |
| | | Quantity (MMBTU) | | 24,230 | *21,258* |
| | | Total amount (₹ in lakh) | | 219.53 | *198.51* |
| | | Average rate (₹/MMBTU) | | 906.03 | *933.79* |
| 4. | **Other / Internal Generation** | | | Not Applicable | |

B. CONSUMPTION PER UNIT OF PRODUCTION

| | | | 2019-20 | *2018-19* |
|---|---|---|---|---|
| 1. | Electricity (KWH/MT) | | 386.46 | *347.57* |
| 2. | Fuel | | | |
| | a. | Furnace Oil (Kgs/MT) | 0.16 | *0.00* |
| | b. | Natural Gas (MMBTU/MT)* | 0.39 | *0.21* |

* The consumption for fuel is calculated on the basis of annual production.

**(b) The steps taken by the Company for utilising alternate sources of energy:**

The Company continues to evaluate alternate sources of energy including solar based power.

**(c) The capital investment on energy conservation equipment:**

Total expenditure of ₹ 256.50 lakh was incurred during the year on various energy conservation measures.

**B. TECHNOLOGY ABSORPTION:**

**(a) Efforts made towards technology absorption:**

- Engineering, Process Design and installation commissioning of equipments for expansion of Hydrogen Gas (H2) and Hydrogen Peroxide Plant.
- Installation of Volute Dewatering unit and Spin Flash Dryer (SFD) for drying of Effluent Treatment Plant (ETP) sludge.
- Installation of Steam turbine for use of High-pressure export steam from H2 plant.
- Installation and commissioning of Wastewater Recovery unit for Zero Liquid Discharge.
- Operating the boiler with Economiser for optimum usage of fuel.

**(b) Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Reduced cost of sludge disposal with drying of ETP effluent.
- The steam turbine is generating power from high pressure export steam thus reducing power cost.
- Water recycling resulting in freshwater conservation and Zero Liquid Discharge.
- Better economy, reduction in cost of production.

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

- The details of technology imported: N.A.
- The year of import: N.A.
- Whether the technology been fully absorbed: N.A.
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A

**(d) The expenditure incurred on Research and Development:**

- Capital expenditure : Nil
- Recurring expenditure : Nil
- Total expenses : Nil
- Total as % of turnover : Nil

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

The foreign exchange earned in terms of actual inflows and the foreign outgo in terms of actual outflows, during the year, are as follows:

(₹ in lakh)

| **Particulars** | 2019-20 | *2018-19* |
|---|---|---|
| Foreign exchange earned | 19.62 | *Nil* |
| Foreign exchange used | 1,989.09 | *1,495.30* |

# INDEPENDENT AUDITOR'S REPORT

**To the Members of National Peroxide Limited**

**Report on the audit of the Standalone financial statements**

**Opinion**

1. We have audited the accompanying standalone financial statements of National Peroxide Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, of total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for opinion**

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

**Emphasis of Matter**

4. We draw your attention to Note 46 to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the standalone financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

**Key audit matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment (Refer to Note 3 of the standalone financial statements):**<br>During the year, the Company capitalised ₹ 21,544.68 lakhs as Property, Plant and Equipment in respect of production capacity expansion from 95 KTPA to 150 KTPA of its plant at Kalyan, Maharashtra.<br>Given the significance of the capital expenditure during the year, there are risks pertaining to the appropriateness of the expenditure capitalised in line with the criteria of Ind AS 16, Property, Plant and Equipment. | Our procedures in relation to appropriateness of capitalisation of costs as per Ind AS 16 included the following:<br>• Evaluated the Board approval for the expansion of 150 KTPA Plant.<br>• Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property, Plant and Equipment.<br>• Performed test of details relating to capital acquisition process i.e. quotation/ vendor selection, invoice and purchase order approvals and classification.<br>• Performed test of details with focus on those items (example internally generated cost, borrowing costs etc.) that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in Ind AS 16, Property, Plant and Equipment in this regard.<br>• Reviewed the other costs tested during the course of our audit and debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalization.<br>• Examined the factors considered by the Company to determine the date on which the plant was ready to be used.<br>• Ensured adequacy of disclosures in the standalone financial statements.<br>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalized. |

**Other Information**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

**Responsibilities of management and those charged with governance for the financial statements**

7. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

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

**Auditor's responsibilities for the audit of the standalone financial statements**

9. 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.

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

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

11. 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.
12. 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.
13. 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 about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

14. 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 B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the 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.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) 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, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its standalone financial statements – Refer Note 42 to the standalone financial statements;

ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no 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;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. As mentioned in the Note 44 to the financial statements, the Company has paid / provided for managerial remuneration amounting to ₹ 65.92 lakhs, which is in excess of the limits specified in Section 197 read with Schedule V to the Act, which is subject to approval of shareholders in the ensuing annual general meeting.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAABR4942

Place: Mumbai
Date: July 14, 2020

---

## Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the standalone financial statements for the year ended March 31, 2020

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of National Peroxide 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**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 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.

**Auditors' Responsibility**

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

5. 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 system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAABR4942

Place: Mumbai
Date: July 14, 2020

---

## Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the standalone financial statements as of and for the year ended March 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management according to a phased programme design to cover all the items over the period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

   (c) The title deeds of immovable properties, as disclosed in Note 3 on Property, Plant and Equipments to the standalone financial statements, are held in the name of the Company.

ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has granted unsecured loans to two companies covered in the register maintained under section 189 of the Act. Refer note 14 to the standalone financial statements. There are no firms/ LLPs/ other parties covered in the register maintained under section 189 of the Act.

   (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

   (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

   (c) In respect of aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. The Company has not granted any loans to the parties covered under Section 185 of the Companies Act, 2013. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and profession tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 42 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the period of March 1, 2020 to March 31, 2020, the Company has paid Goods and Service Tax and filed GSTR-1 and GSTR-3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification Number 32/2020, 33/2020 and 34/2020 dated April 3, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, duty of customs, duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax and value added tax as at March 31, 2020, which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ In lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 7.80 | FY 2005-06 | Joint Commissioner of Sales Tax (Appeal) |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 479.39* | FY 2006-07 | Deputy Commissioner of Sales Tax (Appeal) |
| Central Sales Tax Act, 1956 | Sales Tax | 38.90 | FY 2012-13 | Joint Commissioner of Sales Tax |
| Central Sales Tax Act, 1956 | Sales Tax | 1,656.58** | FY 2006-07 | Joint Commissioner of Sales Tax (Appeal) |
| Income Tax Act, 1961 | Income Tax | 4.58 | AY 2013-14 | Assistant Commissioner of Income Tax, Mumbai |
| Income Tax Act, 1961 | Income Tax | 101.59 | AY 2015-16 | Assistant Commissioner of Income Tax, Mumbai |
| Income Tax Act, 1961 | Income Tax | 16.58 | AY 2016-17 | Assistant Commissioner of Income Tax, Mumbai |

* net of ₹ 8.33 lakhs paid as deposit

** net of ₹ 59.32 lakhs paid as deposit

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of borrowings to any bank as at the balance sheet date. Further, the Company neither has any loans or borrowings from any financial institution or Government, nor has it issued any debentures as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained.

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 material fraud by the Company or 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. As mentioned in the Note 44 to the financial statements, the Company has paid / provided for managerial remuneration amounting to ₹ 65.92 lakhs which is in excess of the limits specified in Section 197 read with Schedule V to the Act, which is subject to approval of shareholders in the ensuing annual general meeting.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him within the meaning of section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAABR4942

Place: Mumbai
Date: July 14, 2020

# Balance Sheet as at March 31, 2020

₹ in lakhs

| | Notes | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 37,154.03 | *16,574.69* |
| Capital work-in-progress | 3 | - | *7,540.39* |
| Intangible Assets | 4 | 85.02 | *-* |
| Financial assets | | | |
| (i) Investments | 5 | 17,656.41 | *18,375.46* |
| (ii) Loans | 6 | 21.40 | *40.35* |
| Income tax assets (net) | 7 | 313.03 | *320.20* |
| Other non-current assets | 8 | 382.35 | *2,156.12* |
| **Total non-current assets** | | **55,612.24** | ***45,007.21*** |
| **Current assets** | | | |
| Inventories | 9 | 2,440.22 | *3,180.63* |
| Financial assets | | | |
| (i) Investments | 10 | - | *783.80* |
| (ii) Trade receivables | 11 | 3,224.88 | *3,059.38* |
| (iii) Cash and cash equivalents | 12 | 219.10 | *1,076.68* |
| (iv) Bank balances other than (iii) above | 13 | 73.86 | *421.13* |
| (v) Loans | 14 | 11,034.07 | *23,894.87* |
| (vi) Other financial assets | 15 | 898.27 | *88.54* |
| Other current assets | 16 | 344.28 | *776.50* |
| Asset held for sale | 17 | 378.46 | *-* |
| **Total current assets** | | **18,613.14** | ***33,281.53*** |
| **Total assets** | | **74,225.38** | ***78,288.74*** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 18 | 574.70 | *574.70* |
| Other equity | 19 | 48,070.71 | *60,934.48* |
| **Total equity** | | **48,645.41** | ***61,509.18*** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 20 | - | *6,968.81* |
| (ii) Other financial liabilities | 21 | 3.79 | *493.35* |
| Deferred tax liabilities (net) | 7 | 3,928.46 | *3,219.11* |
| Provisions | 22 | 280.27 | *246.11* |
| **Total non-current liabilities** | | **4,212.52** | ***10,927.38*** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 23 | 467.93 | *1,000.00* |
| (ii) Trade payables | 24 | | |
| (a) total outstanding dues of micro enterprises and small enterprises; and | | 15.98 | *4.30* |
| (b) total outstanding dues of creditors other than (ii) (a) above | | 1,850.83 | *2,393.28* |
| (iii) Other financial liabilities | 25 | 18,542.99 | *1,483.77* |
| Contract liabilities | | 46.91 | *15.86* |
| Other current liabilities | 26 | 110.12 | *121.50* |
| Provisions | 27 | 167.34 | *158.19* |
| Income tax liabilities (net) | 7 | 165.35 | *675.28* |
| **Total current liabilities** | | **21,367.45** | ***5,852.18*** |
| **Total liabilities** | | **25,579.97** | ***16,779.56*** |
| **Total equity and liabilities** | | **74,225.38** | ***78,288.74*** |

Basis of Preparation and Significant accounting policies — 2

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

| | | | |
|---|---|---|---|
| | RAJIV ARORA<br>*Chief Executive Officer & Director*<br>*DIN: 08730235* | NESS N. WADIA<br>*Chairman*<br>*DIN: 00036049* | RAJESH BATRA<br>*Director*<br>*DIN: 00020764* |
| Asha Ramanathan<br>*Partner*<br>*Membership No. 202660* | CONRAD FERNANDES<br>*Chief Financial Officer* | S. RAGOTHAMAN<br>*Director*<br>*DIN: 00042395* | MINNIE BODHANWALA<br>*Director*<br>*DIN: 00422067* |
| Mumbai, July 14, 2020 | CHANDUKUMAR PARMAR<br>*Company Secretary* | VIRAF MEHTA<br>*Director*<br>*DIN: 00352598* | HARSHBEENA ZAVERI<br>*Director*<br>*DIN: 00003948* |

## Statement of Profit and Loss for the year ended March 31, 2020

**₹ in lakhs**

| | Notes | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 28 | 19,064.87 | *40,150.22* |
| Other income | 29 | 1,795.10 | *1,910.85* |
| **Total income** | | **20,859.97** | ***42,061.07*** |
| **Expenses** | | | |
| Cost of raw materials and packing materials consumed | 30 | 6,487.74 | *10,490.63* |
| Purchase for stock in trade | | 90.19 | - |
| Changes in inventories of finished goods | 31 | 1,644.53 | *(1,822.38)* |
| Power, fuel and water | | 2,604.54 | *3,277.56* |
| Employee benefit expenses | 32 | 2,633.49 | *2,360.64* |
| Finance costs | 33 | 273.68 | *73.09* |
| Depreciation and amortisation expense | 34 | 1,122.83 | *923.15* |
| Other expenses | 35 | 3,103.39 | *3,231.66* |
| **Total expenses** | | **17,960.39** | ***18,534.35*** |
| **Profit before tax** | | **2,899.58** | ***23,526.72*** |
| Income tax expense | 7 | | |
| Current tax | | 530.09 | *8,214.62* |
| Deferred tax | | 632.87 | *8.77* |
| **Total tax expense** | | **1,162.96** | ***8,223.39*** |
| **Profit for the year** | | **1,736.62** | ***15,303.33*** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit obligations | | 5.97 | *3.42* |
| Changes in fair value of equity instruments at FVOCI | | (10,262.92) | *69.98* |
| Income tax relating to these items | | (1.16) | *16.80* |
| **Items that will be reclassified to profit or loss** | | | |
| Effective portion of gain / (losses) on cash flow hedge | | 247.94 | *(408.52)* |
| Income tax relating to these items | | (86.64) | *142.75* |
| **Other comprehensive income for the year, net of tax** | | **(10,096.81)** | ***(175.57)*** |
| **Total comprehensive income for the year** | | **(8,360.19)** | ***15,127.76*** |
| **Earnings per equity share** | | | |
| Basic and diluted earnings per share | 40 | 30.22 | *266.28* |
| Basis of Preparation and Significant accounting policies | 2 | | |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Asha Ramanathan
*Partner*
*Membership No. 202660*

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

## Statement of changes in equity for the year ended March 31, 2020

₹ in lakhs

**A. Equity share capital (Refer note 18)**

| | |
|---|---|
| **As at April 1, 2018** | **574.70** |
| Changes in equity share capital | - |
| **As at March 31, 2019** | **574.70** |
| Changes in equity share capital | - |
| **As at March 31, 2020** | **574.70** |

**B. Other equity**

₹ in lakhs

| | Notes | Reserves and surplus | | Other reserves | | Total other equity |
|---|---|---|---|---|---|---|
| | | General reserve | Retained earnings | FVOCI - Equity instruments | FVOCI - Cash flow hedging reserves | |
| **Balance at April 1, 2018** | | ***3,284.50*** | ***28,866.38*** | ***18,159.25*** | **-** | ***50,310.13*** |
| Profit for the year | | - | *15,303.33* | - | - | *15,303.33* |
| Other comprehensive income for the year | | - | *2.23* | *87.97* | (265.77) | *(175.57)* |
| **Total comprehensive income for the year** | | **-** | ***15,305.56*** | ***87.97*** | **(265.77)** | ***15,127.76*** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Dividend paid | 38b | - | *(3,735.55)* | - | - | (3,735.55) |
| Dividend distribution tax | 38b | - | *(767.86)* | - | - | (767.86) |
| **Balance at March 31, 2019** | 19 | ***3,284.50*** | ***39,668.53*** | ***18,247.22*** | **(265.77)** | **60,934.48** |
| **Balance at April 1, 2019** | 19 | ***3,284.50*** | ***39,668.53*** | ***18,247.22*** | **(265.77)** | ***60,934.48*** |
| Profit for the year | | - | *1,736.62* | - | - | 1,736.62 |
| Other comprehensive income for the year | | - | *3.89* | *(10,262.00)* | 161.30 | (10,096.81) |
| **Total comprehensive income for the year** | | **-** | **1,740.51** | **(10,262.00)** | **161.30** | **(8,360.19)** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Dividend paid | 38b | - | (3,735.55) | - | - | (3,735.55) |
| Dividend distribution tax | 38b | - | (768.03) | - | - | (768.03) |
| **Balance at March 31, 2020** | 19 | **3,284.50** | **36,905.46** | **7,985.22** | **(104.47)** | **48,070.71** |

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Asha Ramanathan
*Partner*
*Membership No. 202660*

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

CONRAD FERNANDES
*Chief Financial Officer*

CHANDUKUMAR PARMAR
*Company Secretary*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

VIRAF MEHTA
*Director*
*DIN: 00352598*

RAJESH BATRA
*Director*
*DIN: 00020764*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

## Statement of Cash Flow for the year ended March 31, 2020

**₹ in lakhs**

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before income tax | 2,899.58 | *23,526.72* |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 1,122.83 | *923.15* |
| Loss on disposal of property, plant and equipment | 0.03 | *51.29* |
| Gain on cancellation of lease contract | (0.18) | - |
| Finance costs | 273.68 | *73.09* |
| Interest income | (1,653.62) | *(1,628.28)* |
| Dividend income | (51.22) | *(96.57)* |
| Fair value gain on investments (including gain on sale of investments) measured at FVTPL | (21.56) | *(137.78)* |
| Net exchange differences (gain)/ loss | 8.95 | *(9.03)* |
| Loss allowance | 30.15 | - |
| **Operating profit before working capital changes** | **2,608.64** | ***22,702.59*** |
| **Change in operating assets and liabilities** | | |
| (Increase) / decrease in trade receivables | (195.65) | *2,265.66* |
| (Increase) / decrease in inventories | 740.41 | *(1,707.93)* |
| Decrease in non-current financial asset | 18.95 | - |
| (Increase) / decrease in current financial asset | 10.80 | *(20.53)* |
| (Increase) / decrease in other non-current assets | (0.24) | *298.30* |
| Decrease in other financial assets | - | *0.02* |
| (Increase) / decrease in other current assets | 407.08 | *(579.74)* |
| (Increase) in assets held for sale | (378.46) | - |
| Increase / (decrease) in trade payable | (547.63) | *380.39* |
| Increase / (decrease) in provision | 49.28 | *(64.87)* |
| (Decrease) in other current financial liabilities | (131.14) | *(35.44)* |
| (Decrease) in other liabilities | (11.38) | *(576.13)* |
| Increase in contract liabilities | 31.05 | *15.86* |
| **Cash generated from operations** | **2,601.71** | ***22,678.18*** |
| Income taxes paid (net) | (1,044.17) | *(7,924.01)* |
| **Net cash inflow by operating activities** | **1,557.54** | ***14,754.17*** |
| **Cash flows from investing activities** | | |
| Payments for purchase of investments | (25,309.60) | *(31,093.73)* |
| Proceeds from sale of investments | 16,571.09 | *37,484.90* |
| Interest received | 1,517.07 | *1,581.35* |
| Dividends received | 51.22 | *96.57* |
| Payments for property, plant and equipment (including capital work-in-progress and advances) | (9,749.93) | *(7,808.49)* |
| Payment for software development cost | (104.96) | - |
| Proceeds from sale of property, plant and equipment | 0.08 | - |
| Intercorporate deposits given to a related party | (650.00) | *(350.00)* |
| Receipt of intercorporate deposits given to related parties | 3,500.00 | *3,000.00* |
| Intercorporate deposits given to other companies | (26,500.00) | *(20,000.00)* |
| Receipt of intercorporate deposits given to other companies | 36,500.00 | - |
| Movement in bank balances which are not considered as cash and cash equivalents | 347.27 | *(371.90)* |
| **Net cash outflow from investing activities** | **(3,827.76)** | ***(17,461.30)*** |
| **Cash flows from financing activities** | | |
| Proceeds from / (repayment of) short term borrowings | (532.07) | *1,000.00* |
| Principal elements of lease payments | (11.58) | - |
| Proceeds from long term borrowings | 7,785.38 | *7,029.00* |
| Dividends paid to company shareholders (including DDT) | (4,492.73) | *(4,489.63)* |
| Interest paid | (1,336.36) | *(73.09)* |
| **Net cash inflow from financing activities** | **1,412.64** | ***3,466.28*** |
| **Net increase / (decrease) in cash and cash equivalents** | **(857.58)** | ***759.15*** |
| Cash and cash equivalents at the beginning of the year | **1,076.68** | ***317.53*** |
| **Cash and cash equivalents at the end of the year** | **219.10** | ***1,076.68*** |
| **Non-Cash Investing activity** | | |
| Acquisition of right of use (ROU) assets | 23.05 | **-** |

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Asha Ramanathan
*Partner*
*Membership No. 202660*

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# Notes to the financial statements for the year ended March 31, 2020

**1) General information:**

National Peroxide Limited (“NPL”, “Company”) is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai. NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 150 KTPA on 50% w/w. basis. Company’s registered office is situated at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

**2) Significant accounting policies and critical estimates and judgements:**

**2.1 Basis of preparation, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**(i) Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**(ii) Historical cost convention**

The financial statements have been prepared on historical cost basis, except for the following:

- Certain financial assets and financial liabilities are measured at fair value (including derivative instruments);
- Defined benefit plans – plan assets are measured at fair value;
- Assets held for sale – measured at fair value less cost to sell.

**(iii) New and amended standards adopted by the Company**

The Company has applied following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS - 116 Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 23, Borrowing Cost

  Amendments listed above except for Ind AS 116, leases did not have any material impact on the current period and are not expected to significantly impact the future period. Impact due to adoption of Ind AS 16 has been disclosed in Note f.

**(iv) Current vis-à-vis non-current classification**

The assets and liabilities reported in the balance sheet are classified on a “current / non-current basis”.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Deferred tax assets and liabilities, and all assets and liabilities which are not current are classified as non-current assets and liabilities.

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

**(b) Segment reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The Chief Executive Officer and Director of National Peroxide Limited has been identified as CODM and he is responsible for allocating resources, assess the financial performance of the company and make strategic decisions.

The Company has identified one reportable segment 'manufacturing of peroxygens' based on information reviewed by the CODM. Refer Note 41 for segment information presented

**(c) Foreign currency translation:**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (INR), which is the Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on nonmonetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

**(d) Revenue recognition:**

**Revenue from sale of goods**

Revenue is generated primarily from sale of peroxygens. Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the Company expects to receive from customers that is net of trade discounts, rebates and goods and service tax (GST).

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

**(e) Income tax:**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**(f) Leases**

Effective from 1st April 2019, the Company has adopted Ind AS 116 “Leases” and accordingly accounted for leases as below

As a lessee

From 1st April 2019, leases are recognized as a right-of-use asset and corresponding liability at the date which the lease asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on relative stand-alone prices.

Assets and liabilities arising from lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- Amounts expected to be payable by the Company under residual value guarantees

- Exercise price of the purchase option if the Company is reasonably certain to exercise that option, and

- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on any key variable/condition are recognized in profit or loss in the period in which the condition that triggers those payment occurs. The Company is exposed to potential future increases in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on index or rate or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement of date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and lease term on a straight line basis. If the Company exercises the purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Short-term leases

The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has accounted for Leases upto March 31, 2019 as below

As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(g) Impairment of non-financial assets:**

Assets are tested for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(h) Cash and Cash Equivalents:**

Cash and cash equivalents includes cash on hand, cheques on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance sheet.

**(i) Trade Receivables:**

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

**(j) Inventories:**

Inventories are valued at lower of cost and net realisable value. In the case of raw materials, packing materials and stores and spares parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non – refundable taxes and delivery and handling costs. Cost of finished goods includes all costs of purchases, direct materials, direct labour and appropriate proportion of variable and fixed overheads expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**(k) Non-Current assets held for sale**

Non- current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non -current asset is recognized at the date of de-recognition.

Non-Current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

**(l) Investments and other financial assets:**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

**(ii) Measurement**

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the Statement of Profit and Loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in Statement of Profit and Loss.
- **Fair value through profit or loss**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses), if any on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in subsidiary is carried at cost less impairment loss, if any.

**(iii) Derivatives and hedging activity**

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks such as cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The Company has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**(a) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

**(b) Fair value hedges that qualify for hedge accounting**

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

**(c) Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**(iv) Derivatives that are not designated as hedges.**

The Company enters into certain derivative contracts to hedge risk which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

**(v) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109- 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(vi) Derecognition of financial assets**

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(m) Income recognition:**

**Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend**

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(n) Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(o) Property, plant and equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

***Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation is calculated using Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management, which is in line with those specified by Schedule II to the Companies Act, 2013.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

**(p) Intangible assets:**

Intangible assets being computer software, are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Cost of software is amortised over a period of 3 years being the estimated useful life.

**(q) Trade and other payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months of reporting period. Trade and other payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

**(r) Borrowings:**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(s) Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**(t) Provisions and Contingent Liabilities:**

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

**(u) Employee benefits:**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Post employee obligations**

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, pension and provident fund contributions made to a trust in case of certain employees

- defined contribution plans such as provident fund and superannuation fund.

**Pension and gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Provident fund contributions made to a trust administered by the Company**

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of the interest earnings of the fund is determined on the basis of actuarial valuation.

**Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations and superannuation contributions to superannuation fund. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

**(iii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(v) Contributed equity:**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

**(w) Earnings per share:**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(x) Rounding of Amounts:**

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**2.2 Critical accounting estimates and judgements:**

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items, which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed.

- **Estimation of useful life**

  Useful lives of property, plant and equipment are based on the management's estimation. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013.

  The useful lives of company's assets are determined by management at the time the asset is acquired/capitalized and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

- **Estimation of defined benefit obligation**

  The present value of obligations under defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations, attrition rate and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 43 for the details of the assumptions used in estimating the defined benefit obligation.

- **Impairment of trade receivables**

  The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

- **Fair value measurements and valuation processes**

  Some of the assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

  In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, fair value are determined on the basis of the third party valuations. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. Refer note 36.

- **Inventory obsolescence**

  The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

## Notes to the financial statements for the year ended March 31, 2020

### Note 3 : Property, plant and equipment

₹ in lakhs

| Description of Assets | Freehold land | Freehold Building | Plant and equipment | Furniture and fixtures | Office equipment | Vehicles | ROU - Vehicle | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| Balance at April 1, 2018 | 5.89 | 337.53 | 18,302.52 | 52.63 | 44.52 | 29.61 | - | 18,772.70 | 563.98 |
| Additions | - | - | 46.27 | 2.75 | 13.60 | 8.85 | - | 71.47 | 7,488.82 |
| Disposals | - | - | (56.59) | - | - | - | - | (56.59) | - |
| Transfer | - | - | 512.41 | - | - | - | - | 512.41 | (512.41) |
| **Balance as at March 31, 2019** | ***5.89*** | ***337.53*** | ***18,804.61*** | ***55.38*** | ***58.12*** | ***38.46*** | **-** | ***19,299.99*** | ***7,540.39*** |
| **Accumulated depreciation** | | | | | | | | | |
| Balance at April 1, 2018 | - | 80.08 | 1,703.49 | 12.29 | 11.22 | 0.37 | - | 1,807.45 | - |
| Depreciation charge during the year | - | 38.88 | 862.95 | 5.62 | 10.02 | 5.68 | - | 923.15 | - |
| On disposal | - | - | (5.30) | - | - | - | - | (5.30) | - |
| **Balance as at March 31, 2019** | **-** | ***118.96*** | ***2,561.14*** | ***17.91*** | ***21.24*** | ***6.05*** | **-** | ***2,725.30*** | **-** |
| **Net carrying amount** | ***5.89*** | ***218.57*** | ***16,243.47*** | ***37.47*** | ***36.88*** | ***32.41*** | **-** | ***16,574.69*** | ***7,540.39*** |
| **Year ended March 31, 2020** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| Balance as at April 1, 2019 | 5.89 | 337.53 | 18,804.61 | 55.38 | 58.12 | 38.46 | - | 19,299.99 | 7,540.39 |
| Transition impact on account of Ind AS 116 (Refer note 39) | - | - | - | - | - | - | 23.05 | 23.05 | - |
| Additions | - | - | 15.19 | 76.90 | 23.28 | - | - | 115.37 | 14,382.75 |
| Disposals | - | - | - | - | (0.15) | - | (0.76) | (0.91) | - |
| Transfer | - | 663.40 | 20,880.71 | 0.57 | - | - | - | 21,544.68 | (21,544.68) |
| Less: Transfer to Asset held for sale | - | - | - | - | - | - | - | - | (378.46) |
| **Balance as at March 31, 2020** | **5.89** | **1,000.93** | **39,700.51** | **132.85** | **81.25** | **38.46** | **22.29** | **40,982.18** | **-** |
| **Accumulated depreciation** | | | | | | | | | |
| Balance as at April 1, 2019 | - | 118.96 | 2,561.14 | 17.91 | 21.24 | 6.05 | - | 2,725.30 | - |
| Depreciation charge during the year | - | 42.36 | 1,020.15 | 9.09 | 13.58 | 6.68 | 11.03 | 1,102.89 | - |
| On disposal | - | - | - | - | (0.04) | - | - | (0.04) | - |
| **Balance as at March 31, 2020** | **-** | **161.32** | **3,581.29** | **27.00** | **34.78** | **12.73** | **11.03** | **3,828.15** | **-** |
| **Net carrying amount** | **5.89** | **839.61** | **36,119.22** | **105.85** | **46.47** | **25.73** | **11.26** | **37,154.03** | **-** |

i) Refer note 42(b)(i) for disclosure of contractual commitments.

ii) In the previous year capital work in progress includes cost incurred towards expansion of existing plant of 95 KTPA to 150KTPA located at Company's property in Mohone, Kalyan.

iii) Additions to Capital work in progress during the year includes ₹ 1086.88 lakhs (March 31, 2019 ₹ 43.93 lakhs) borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS) 23 on "Borrowing costs".

iv) For details of Property, plant and equipment which are pledged as security for borrowings - Refer Note 20 Non - Current financial liabilities - Borrowings and Note 25 Other current financial liabilities.

v) Plant and equipment includes computers gross block ₹ 126.62 lakhs (March 31, 2019 ₹ 116.40 lakhs), accumulated depreciation ₹ 60.18 lakhs (March 31, 2019 ₹ 35.32 lakhs) and written down value ₹ 66.44 lakhs (March 31, 2019 ₹ 81.08 lakhs).

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

### Note 4 : Intangible Assets

₹ in lakhs

| Description of Assets | Computers Software | Total |
|---|---|---|
| **Year ended March 31, 2019** | | |
| **Gross carrying amount** | | |
| Balance as at April 1, 2018 | - | - |
| Additions | - | - |
| **Balance as at March 31, 2019** | - | - |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2018 | - | - |
| Amortisation charge for the year | - | - |
| **Balance as at March 31, 2019** | - | - |
| **Net carrying amount** | - | - |
| **Year ended March 31, 2020** | | |
| **Gross carrying amount** | | |
| Balance as at April 1, 2019 | - | - |
| Additions | 104.96 | 104.96 |
| **Balance as at March 31, 2020** | **104.96** | **104.96** |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2019 | - | - |
| Amortisation charge for the year | 19.94 | 19.94 |
| **Balance as at March 31, 2020** | **19.94** | 19.94 |
| **Net carrying amount** | **85.02** | **85.02** |

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 5 : Non-current financial assets - Investments** | | |
| Investments in equity instruments (fully paid up) | | |
| Investments in subsidiary (unquoted Investments - cost) | | |
| 25,500 (March 31, 2019: 25,500) equity share of Naperol Investments Limited of ₹ 100 each | 25.50 | *25.50* |
| Others (Quoted Investments) - FVOCI | | |
| 1,489,700 (March 31, 2019: 1,489,700) equity shares of The Bombay Dyeing & Manufacturing Company Limited of ₹ 2 each | 682.28 | *2,010.35* |
| 2,306,584 (March 31, 2019: 1,252,200) equity shares of The Bombay Burmah Trading Corporation Limited of ₹ 2 each | 16,895.73 | *16,269.83* |
| 600 (March 31, 2019: 600) equity shares of Housing Development Finance Corporation Limited of ₹ 2 each | 9.80 | *11.81* |
| 5000 (March 31, 2019: 2500) equity shares of HDFC Bank Limited of ₹ 1 each (March 31, 2019 ₹ 2 each). (Refer Note a) | 43.10 | *57.97* |
| **Total** | **17,656.41** | ***18,375.46*** |
| Aggregate amount of quoted investments | 17,630.91 | *18,349.96* |
| Aggregate market value of quoted investments | 17,630.91 | *18,349.96* |
| Aggregate amount of unquoted investments | 25.50 | *25.50* |
| Aggregate amount of impairment in the value of investments | - | - |

Note a - The Company held 2500 fully paid- up Equity Shares of ₹ 2/- of HDFC Ltd. The said 2500 Equity Shares were sub-divided from ₹ 2/- each to 5000 Equity Shares of ₹ 1/- each on September 19, 2019.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

| | As at March 31, 2020 | As at March 31, 2019 (₹ in lakhs) |
|---|---|---|
| **Note 6 : Non-current financial assets - Loans** | | |
| (Unsecured, considered good) | | |
| Security deposits | 21.40 | *40.35* |
| **Total** | **21.40** | ***40.35*** |

**Note 7 : Income tax expense**

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are as under:

| | | Year ended March 31, 2020 | Year ended March 31, 2019 (₹ in lakhs) |
|---|---|---|---|
| **(a)** | **Income tax recognised in statement of profit and loss** | | |
| | **Income tax expense** | | |
| (i) | Current tax expense | 506.14 | *8,214.62* |
| | Adjustments for current tax of prior periods | 23.95 | - |
| **Total current tax expense** | | **530.09** | ***8,214.62*** |
| **(ii)** | **Deferred tax expense** | | |
| | (increase) in deferred tax assets | (649.36) | *(10.37)* |
| | Increase in deferred tax liabilities | 1,282.23 | *19.14* |
| **Total deferred tax expense** | | **632.87** | ***8.77*** |
| **Total Income tax expense** | | **1,162.96** | ***8,223.39*** |
| **(b)** | **Income tax recognised in other comprehensive income** | | |
| **Income tax expense** | | | |
| **(i)** | **Current tax benefit (expense)/benefit** | | |
| | Remeasurement of defined benefit obligation | (11.32) | *(5.38)* |
| **Total current tax benefit** | | **(11.32)** | ***(5.38)*** |
| **(ii)** | **Deferred tax (expense)/benefit** | | |
| | Remeasurement of defined benefit obligation | 9.24 | *4.19* |
| | Financial asset measured at FVOCI | (85.72) | *160.74* |
| **Total deferred tax (expense)/benefit** | | **(76.48)** | ***164.93*** |
| **Total Income tax (expense) / benefit** | | **(87.80)** | ***159.55*** |
| **(c)** | **Reconciliation of effective tax rate:** | | |
| | Profit before tax | 2,899.58 | *23,526.72* |
| | Tax at the Indian applicable tax rate @29.12% (2018-19 - 34.944%) | 844.36 | *8,221.18* |
| | Tax effect of amounts which are not deductible / (taxable) in calculating taxable income: | | |
| | Expenses that are not deductible in determining taxable profit | 115.45 | *48.97* |
| | Income exempt from income tax | (14.92) | *(27.31)* |
| | Change in income tax rates | 194.12 | - |
| | Adjustments for current tax of prior periods | 23.95 | - |
| | Others | - | *(19.45)* |
| **Income tax expense** | | **1,162.96** | ***8,223.39*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

**(d) Tax assets**

| Particulars | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Opening balance | (355.08) | *(59.09)* |
| Add: Taxes paid | 1,044.17 | *7,924.01* |
| Less: Current tax payable for the year | 541.41 | *8,220.00* |
| **Closing balance** | **147.68** | ***(355.08)*** |
| | | |
| **Current tax assets** | **313.03** | ***320.20*** |
| **Current tax liabilities** | **(165.35)** | ***(675.28)*** |

**(e) Movement in deferred tax liabilities**

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Deferred tax liabilities | 4,809.42 | *3,528.11* |
| Less: deferred tax assets | 880.96 | *309.00* |
| **Deferred tax liability (net)** | **3,928.46** | ***3,219.11*** |

**Movement of deferred tax balances**

| March 31, 2020 | Net balance March 31, 2019 | Recognised in profit and loss | Recognised in OCI | Net deferred tax liabilities |
|---|---|---|---|---|
| Property, plant and equipment | 3,526.28 | 1,283.14 | - | 4,809.42 |
| Financial asset measured at FVTPL | 0.91 | (0.91) | - | - |
| Financial asset measured at FVOCI | 0.92 | - | (0.92) | - |
| **Total deferred tax liabilities** | **3,528.11** | **1,282.23** | **(0.92)** | **4,809.42** |
| | | | | |
| Provision for post retirement benefits and other employee benefits | 130.47 | - | 9.24 | 139.71 |
| Loss allowance | 13.33 | 9.69 | - | 23.02 |
| Provision for sales tax | 22.45 | - | - | 22.45 |
| Loss on cash flow hedging reserve | 142.75 | - | (86.64) | 56.11 |
| Business loss | - | 122.21 | - | 122.21 |
| MAT Credit | - | 517.46 | - | 517.46 |
| **Total deferred tax assets** | **309.00** | **649.36** | **(77.40)** | **880.96** |
| **Deferred tax liability (net)** | **3,219.11** | **632.87** | **76.48** | **3,928.46** |

Deferred tax asset of ₹ 212.09 lakhs (Previous Year: Nil) on unused tax losses of ₹ 1,820.50 lakhs (Previous Year: Nil) in relation to fair valuation of equity shares has not been created as currently, the Company is uncertain to generate sufficient taxable capital gain in forseeable future.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| March 31, 2019 | As at April 1, 2018 | Recognised in profit and loss | Recognised in OCI | Net deferred tax liabilities |
|---|---|---|---|---|
| Property, plant and equipment | 3,463.85 | 62.43 | - | 3,526.28 |
| Financial asset measured at FVTPL | 44.20 | (43.29) | - | 0.91 |
| Financial asset measured at FVOCI | 18.91 | - | (17.99) | 0.92 |
| Measurement of borrowings at amortised cost | - | - | - | - |
| **Total deferred tax liabilities** | **3,526.96** | **19.14** | **(17.99)** | **3,528.11** |
| Provision for post retirement benefits and other employee benefits | 138.36 | (12.08) | 4.19 | 130.47 |
| Loss allowance | 13.33 | - | - | 13.33 |
| Provision for sales tax | - | 22.45 | - | 22.45 |
| Loss on cash flow hedging reserve | - | - | 142.75 | 142.75 |
| **Total deferred tax assets** | **151.69** | **10.37** | **146.94** | **309.00** |
| **Net deferred tax liability (net)** | **3,375.27** | **8.77** | **(164.93)** | **3,219.11** |

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 8 : Other non-current assets** | | |
| (Unsecured, considered good) | | |
| Balances with government authorities * | 410.21 | *445.49* |
| Prepayments | 36.39 | *0.87* |
| Capital advances | - | *1,774.01* |
| Less: Provision for sales tax* | (64.25) | *(64.25)* |
| **Total** | **382.35** | ***2,156.12*** |

* During the previous year, the Company had provided ₹ 64.25 lakhs towards sales tax matters based on estimation for probable liabilities arising out of pending disputes / liabilities with indirect tax authorities.

| | | |
|---|---|---|
| **Note 9 : Inventories** | | |
| Raw materials and packing materials | 1,083.65 | *231.50* |
| Finished goods | 577.22 | *2,221.75* |
| Stores and spares* | 779.35 | *727.38* |
| **Total** | **2,440.22** | ***3,180.63*** |

* Write-down of inventories to net realisable value amounted to ₹ 28.89 lakhs (March 31, 2019 ₹ Nil). These were recognised as an expense during the year and included in 'Other expenses - Consumption of stores and spares' in Statement of Profit and Loss.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 10 : Current financial assets - Investments** | | |
| Investments in Mutual Funds (Unquoted Investments-FVTPL) | | |
| NIL (March 31, 2019 : 323,096.15) units of Canara Robeco Savings Fund - Regular Daily Dividend of ₹ 10 each | - | *33.15* |
| NIL (March 31, 2019 : 39,954.95) units of SBI Liquid Fund - Direct Daily Dividend of ₹ 10 each | - | *400.84* |
| NIL (March 31, 2019 : 10,828.87) units of SBI Liquid Fund - Direct Growth of ₹ 10 each | - | *317.13* |
| NIL (March 31, 2019 : 321,748.54) units of Kotak Saving Fund - Direct Plan - Daily Dividend of ₹ 10 each | - | *32.68* |
| **Total** | **-** | ***783.80*** |
| Aggregate amount of quoted investments | - | - |
| Aggregate market value of quoted investments | - | - |
| Aggregate amount of unquoted investments | - | *783.80* |
| Aggregate amount of impairment in the value of investments | - | - |
| **Note 11 : Trade receivables** | | |
| Trade receivables from contract with customers | | |
| Unsecured, considered good | 3,293.18 | *3,097.53* |
| Less:Loss allowance | (68.30) | *(38.15)* |
| **Total** | **3,224.88** | ***3,059.38*** |
| **Note 12 : Cash and cash equivalents** | | |
| Cash on hand | 1.23 | *0.87* |
| Cheques on hand | 148.00 | - |
| Balances with banks in current account | 19.64 | *25.81* |
| Term deposit with original maturity period of less than three months | 50.23 | *1,050.00* |
| **Total** | **219.10** | ***1,076.68*** |
| **Note 13 : Bank balances other than cash and cash equivalents** | | |
| Margin money deposit against letter of credit | - | *358.12* |
| Unclaimed dividend accounts | 73.86 | *63.01* |
| **Total** | **73.86** | ***421.13*** |
| **Note 14 : Current financial assets - Loans** | | |
| (Unsecured, considered good) | | |
| Security deposits | 34.07 | *44.87* |
| Intercorporate deposits to related parties (Refer note below and note 44) | 1,000.00 | *3,850.00* |
| Intercorporate deposits to other companies (Refer note below) | 10,000.00 | *20,000.00* |
| **Total** | **11,034.07** | ***23,894.87*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

The Company has, during the year, given Intercorporate Deposits (ICDs) to certain parties covered under section 189 of the Companies Act, 2013, viz. Bombay Dyeing and Manufacturing Company Limited ₹ 16,500 lakhs (Previous Year ₹ 10,000 lakhs) and Go Airlines (India) Limited ₹ 10,000 lakhs (Previous Year ₹ 10,000 lakhs ). These ICDs are for general business purpose and carry an interest rate of 10% p.a (Previous Year 10% p.a.) and have tenure for less than a year.

During the year, the Intercorporate Deposits (ICDs) have been repaid, viz. Macrofil Investments Co. Ltd ₹ 3,000 lakhs (Previous Year ₹ Nil), Nowrosjee Wadia and Sons Limited Rs Nil (Previous Year ₹ 3,000 lakhs), Bombay Dyeing and Manufacturing Company Limited ₹ 16,500 lakhs (Previous Year ₹ 10,000 lakhs) and Go Airlines (India) Limited ₹ 20,000 lakhs (Previous Year ₹ Nil).

| | | **₹ in lakhs** |
|---|---|---|
| | **As at March 31, 2020** | ***As at March 31, 2019*** |
| **Note 15 : Other financial assets** | | |
| (Unsecured, considered good) | | |
| Derivatives designated as hedges - | | |
| Cross currency interest rate swap (CCIRS) | 675.54 | - |
| Others | | |
| Interest accrued on deposits | 222.73 | *88.54* |
| **Total** | **898.27** | ***88.54*** |
| **Note 16 : Other current assets** | | |
| (Unsecured, considered good) | | |
| Advance to gratuity fund | 18.21 | *61.87* |
| Advances for expenses | 18.77 | *15.67* |
| Balances with government authorities | 200.67 | *321.26* |
| Prepayments | 39.15 | *241.05* |
| Advances to suppliers | 67.48 | *136.65* |
| **Total** | **344.28** | ***776.50*** |
| **Note 17 : Asset held for sale** | | |
| Capital work in progress | 378.46 | - |
| **Total** | **378.46** | **-** |

As at March 31, 2020, there are items (Pipes, Pipe fittings, Valves, Cables and other spares) in Capital Work in Progress (CWIP) which were no longer required and classified as 'Asset held for sale'. The Company has decided to sell these items and has already started the process of identifying active buyers for these items and sale is expected to be completed within a period of twelve months.

**Non-recurring fair value measurements:**

CWIP classified as held for sale during the reporting period was measured at the lower of its carrying amount fair value less costs at the time of reclassification, resulting in a recognition of a write down of ₹ 27.85 lakhs in the statement of profit and loss. The fair value of the asset was determined on the basis of the best management estimate.

| | | |
|---|---|---|
| **Note 18 : Equity share capital** | | |
| **Authorised** | | |
| 25,000,000 (March 31, 2019: 25,000,000) Equity shares of ₹ 10 each | 2500.00 | *2500.00* |
| **Issued, subscribed and fully paid** | | |
| 5,747,000 (March 31, 2019: 5,747,000) Equity shares of ₹ 10 each | 574.70 | *574.70* |
| **Total** | **574.70** | ***574.70*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| Reconciliation of the number of shares | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | Number of shares | Amount | *Number of shares* | *Amount* |
| Balance at the beginning of the year | 5,747,000 | 574.70 | *5,747,000* | *574.70* |
| Issued during the year | - | - | - | - |
| Balance at the end of the year | 5,747,000 | 574.70 | *5,747,000* | *574.70* |

**Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity share having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholdings.

**Details of shares held by the holding company, ultimate holding company and subsidiary of holding company:**

| Name of shareholder | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | Number of shares | % | *Number of shares* | *%* |
| Ben Nevis Investments Limited, British Virgin Island, ultimate holding company | 51,500 | 0.90 | *51,500* | *0.90* |
| Nowrosjee Wadia and Sons Limited, holding company | 1,769,125 | 30.78 | *1,769,125* | *30.78* |
| Macrofil Investments Limited, subsidiary of holding company | 1,918,109 | 33.38 | *1,918,109* | *33.38* |

**Details of shareholders holding more than 5% shares in the Company:**

| Name of shareholder | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | Number of shares | % | *Number of shares* | *%* |
| Nowrosjee Wadia and Sons Limited | 1,769,125 | 30.78 | *1,769,125* | *30.78* |
| Macrofil Investments Limited | 1,918,109 | 33.38 | *1,918,109* | *33.38* |

₹ in lakhs

| Note 19 : Other equity | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| General reserve | 3,284.50 | *3,284.50* |
| Retained earnings | 36,905.46 | *39,668.53* |
| FVOCI - Equity instruments | 7,985.22 | *18,247.22* |
| FVOCI - Cash flow hedging reserves | (104.47) | *(265.77)* |
| **Total** | **48,070.71** | ***60,934.48*** |

**Nature and purpose of reserves**

**General reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Further, it also includes the impact of remeasurements of the defined benefit obligations, net of tax.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**FVOCI - Equity instruments**

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**FVOCI - Cash flow hedging reserves**

Cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that qualify as cash flow hedges. Amount are subsequently reclassified to profit and loss as appropriate.

₹ in lakhs

| Note 20 : Non-current financial liabilities - Borrowings | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Secured** | | |
| Term loan from Bank | | |
| Foreign Currency Loan (USD) | 15,681.55 | *6,988.02* |
| **Total** | **15,681.55** | ***6,988.02*** |
| Less: Current maturities of long term debt (Refer note 25) | (15,670.83) | - |
| Less: Interest accrued (Refer note 25) | (10.72) | *(19.21)* |
| **Non-Current borrowings** | - | ***6,968.81*** |

**Terms of Foreign Currency Loan**

The loan is repayable in 16 equal quarterly installments of USD $ 1,312,500 beginning from June 6, 2020 and the last quarterly installment being payable on February 27, 2024. This loan has a variable interest rate of 3 months USD-LIBOR-BBA plus 1.25% per annum payable on quarterly basis. The loan has a Put and Call Option at the end of second year from the date of drawdown (i.e. March 6, 2019) and annually therafter.

**Nature of security**

Secured by a first specific charge on entire movable fixed assets including plant and machinery of the Company located in Kalyan, Maharashtra.

₹ in lakhs

| Net debt reconciliation | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Cash and cash equivalent | 219.10 | *1,076.68* |
| Non-current borrowings (including current maturities of long term borrowings and interest accrued on borrowings) | (15,681.55) | *(6,988.02)* |
| Current borrowings | (467.93) | *(1,000.00)* |
| Lease liabilities | (12.12) | - |
| **Total** | **(15,942.50)** | ***(6,911.34)*** |

| | Cash and cash equivalent | Non-current borrowings | Current borrowings | Lease liabilities | Net debt |
|---|---|---|---|---|---|
| **Net debt as at April 1, 2018** | **317.53** | **-** | **-** | - | **317.53** |
| Cash flow | 759.15 | (7,029.00) | (1,000.00) | - | (7,269.85) |
| Interest expenses | - | (56.84) | (16.25) | - | (73.09) |
| Interest paid | - | 56.84 | 16.25 | - | 73.09 |
| Exchange gain / (loss) | - | 40.98 | - | - | 40.98 |
| **Net debt as at March 31, 2019** | **1,076.68** | **(6,988.02)** | **(1,000.00)** | **-** | **(6,911.34)** |
| **Net debt as at April 1, 2019** | **1,076.68** | **(6,988.02)** | **(1,000.00)** | **-** | **(6,911.34)** |
| Transition to Ind AS 116 | **-** | **-** | **-** | (23.05) | (23.05) |
| Cash flow | (857.58) | (7,785.38) | 532.07 | 12.52 | (8,098.37) |
| Interest expenses | - | (1,305.99) | (22.09) | (1.59) | (1,329.67) |
| Interest paid | - | 1,314.27 | 22.09 | - | 1,336.36 |
| Exchange gain / (loss) | - | (916.43) | - | - | (916.43) |
| **Net debt as at March 31, 2020** | **219.10** | **(15,681.55)** | **(467.93)** | **(12.12)** | **(15,942.50)** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 21 : Non-current financial liabilities - Other financial liabilities** | | |
| Derivatives designated as hedges | | |
| Cross currency interest rate swap (CCIRS) | - | *493.35* |
| Others | | |
| Amount payable towards lease liabilities (Refer note 39) | 3.79 | - |
| **Total** | **3.79** | ***493.35*** |

| | | |
|---|---|---|
| **Note 22 : Non-current - Provisions** | | |
| For employee benefits (Refer note 43) | | |
| Leave encashment and compensated absence | 184.86 | *176.87* |
| Provident Fund | 19.75 | - |
| Pension | 75.66 | *69.24* |
| **Total** | **280.27** | ***246.11*** |

| | | |
|---|---|---|
| **Note 23 : Current financial liabilities - Borrowings** | | |
| Secured | | |
| Term loan repayable on demand from Bank (Refer Note a) | - | *1,000.00* |
| Bank Overdraft (Refer Note b) | 467.93 | - |
| **Total** | **467.93** | ***1,000.00*** |

**(a) Terms of repayment**

(a) Repayable on demand. The interest rate is 9.5% p.a.

**Nature of security**

i) Primary Security:

First pari passu charge by way of hypothecation over the Company's entire stocks of inventory and receivables along with other working capital banks under consortium.

ii) Collateral Security:

Second pari passu charge on the entire fixed assets of the Company including 68.08 acres industrial land located at NRC Road, P.O. Atali, via Mohone, Kalyan, Dist. Thane.

**(b) Terms of repayment**

Secured Overdraft facility from bank of ₹ 467.93 Lakhs (March 31, 2019 ₹ Nil). This facility carried an interest rate of MCLR plus margin. During the year, the interest rate ranges from 10.85% - 10.90% (March 31, 2019 Nil).

**Nature of security**

(i) First pari passu charge on current assets, both present and future.

(ii) Second pari passu charge on entire movable fixed assets including plant and machinery of the Company located in Kalyan, Maharashtra.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 24 : Trade payables** | | |
| Dues to micro and small enterprises | 15.98 | *4.30* |
| Dues to others | 1,850.83 | *2,393.28* |
| **Total** | **1,866.81** | ***2,397.58*** |

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors. The principal amounts / interest payable amounts for delayed payments to such vendors as at Balance Sheet date during the current year and previous year mentioned below.

| | | |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end | 17.35 | *4.30* |
| Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end | - | - |
| Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 107.13 | *171.86* |
| Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under MSMED Act for payments already made | 1.74 | *2.55* |
| Amount of interest accrued and remaining unpaid for the year | 1.74 | *2.55* |
| The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

| | | |
|---|---|---|
| **Note 25 : Other current financial liabilities** | | |
| Current maturities of long term borrowings | 15,670.83 | - |
| Book Overdraft | - | *148.09* |
| Interest accrued but not due on borrowings | 10.72 | *19.21* |
| Deposit received from customers | 2.80 | *2.80* |
| Capital creditors* | 2,371.76 | *862.92* |
| Payable to employees | 404.69 | *387.74* |
| Unpaid dividend | 73.86 | *63.01* |
| Current maturities of lease liabilities (Refer note 39) | 8.33 | - |
| **Total** | **18,542.99** | ***1,483.77*** |

*Including dues to micro and small enterprises for ₹ 1.37 lakhs (March 31, 2019 - ₹ Nil) [Refer note above].

| | | |
|---|---|---|
| **Note 26 : Other current liabilities** | | |
| Statutory dues (including provident fund, tax deducted at source and others) | 110.12 | *121.50* |
| **Total** | **110.12** | ***121.50*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 27 : Current - Provisions** | | |
| For employee benefits (Refer note 43) | | |
| Gratuity | 50.33 | *30.93* |
| Leave encashment and compensated absence | 105.15 | *118.55* |
| Provident fund | 3.25 | *-* |
| Pension | 8.61 | *8.71* |
| **Total** | **167.34** | ***158.19*** |

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 28 : Revenue from operations** | | |
| **Revenue from contracts with customers** | | |
| Manufactured goods | 18,957.51 | *40,134.65* |
| Traded goods | 100.03 | *-* |
| Other operating revenues | | |
| Scrap sales | 7.33 | *15.57* |
| **Total** | **19,064.87** | ***40,150.22*** |
| **Note 29 : Other income** | | |
| Interest income on financial assets at amortised cost | | |
| On inter-corporate deposits | 1,612.64 | *1,589.27* |
| On fixed deposits | 9.19 | *9.13* |
| Other interest income | 31.79 | *29.88* |
| Dividend income from equity investments designated at FVOCI (Refer below) | 35.49 | *27.84* |
| Dividend income from other investments measured at FVTPL | 15.73 | *68.73* |
| Fair value gain on investments (including gain on sale of investments) measured at FVTPL | 21.56 | *137.78* |
| Net foreign exchange gain | 27.27 | *32.96* |
| Other miscellaneous income | 41.43 | *15.26* |
| **Total** | **1,795.10** | ***1,910.85*** |

All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.

| | | |
|---|---|---|
| **Note 30 : Cost of raw materials and packing materials consumed** | | |
| Opening balance of raw materials and packing materials | 231.50 | *400.07* |
| Add: Purchases made during the year | 7,339.89 | *10,322.06* |
| Less: Closing balance of raw materials and packing materials | (1,083.65) | *(231.50)* |
| **Total** | **6,487.74** | ***10,490.63*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 31 : Changes in inventories of finished goods** | | |
| Opening balance | 2,221.75 | *399.37* |
| Closing balance | (577.22) | *(2,221.75)* |
| **Total** | **1,644.53** | ***(1,822.38)*** |
| **Note 32 : Employee benefit expenses** | | |
| Salaries, wages and bonus | 2,138.31 | *1,895.05* |
| Contribution to provident fund and other funds (Refer note 43) | 148.86 | *145.52* |
| Provident fund benefits (Refer note 43) | 5.83 | *7.22* |
| Gratuity (Refer note 43) | 51.80 | *46.33* |
| Pension benefits (Refer note 43) | 11.57 | *9.67* |
| Workmen and staff welfare expenses | 277.12 | *256.85* |
| **Total** | **2,633.49** | ***2,360.64*** |
| **Note 33 : Finance costs** | | |
| Interest and Finance charges on lease liabilities and financial liabilities not at fair value through Profit and Loss Account | 593.52 | *36.35* |
| Fair value changes on cross currency interest rate swap designated as cash flow hedges - transferred from OCI | 728.63 | *23.83* |
| Other interest expense | 38.41 | *56.84* |
| | **1,360.56** | ***117.02*** |
| Less: Interest capitalised (See note below) | (1,086.88) | *(43.93)* |
| **Total** | **273.68** | ***73.09*** |

Note : The capitalisation rate used to determine the amount of borrowing cost to be capitalised is the weighted average interest rate applicable to the entity during the year in this case 8.55 % (Previous Year 8.55%)

| | | |
|---|---|---|
| **Note 34 : Depreciation and amortisation expenses** | | |
| Depreciation of property, plant and equipment | 1,091.86 | *923.15* |
| Depreciation of right-of-use assets | 11.03 | - |
| Amortisation of intangible assets | 19.94 | - |
| | **1,122.83** | ***923.15*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 35 : Other expenses** | | |
| Consumption of stores and spares | 362.65 | *213.60* |
| Repairs and maintenance | | |
| Plant and machinery | 753.74 | *580.54* |
| Buildings | 2.45 | *2.23* |
| Rental Charges | 23.67 | *46.25* |
| Rates and taxes | 58.95 | *38.15* |
| Legal and professional fees | 369.24 | *327.30* |
| Insurance | 212.54 | *56.21* |
| Payment to auditors | | |
| Statutory audit fees | 21.00 | *16.00* |
| Others | 13.50 | *9.00* |
| Reimbursement of out of pocket expenses | 1.38 | *1.59* |
| Loss allowance | 30.15 | - |
| Corporate social responsibility expenditure (Refer below) | 306.00 | *170.00* |
| Commission to non executive Directors (Refer Note below) | (72.65) | *175.00* |
| Directors sitting fees | 43.50 | *22.00* |
| Freight | 359.16 | *555.44* |
| Miscellaneous expenses | 618.11 | *1,018.35* |
| **Total** | **3,103.39** | ***3,231.66*** |

Note : During the year, the Company has paid commission of ₹ 129.25 lakhs to non-executive directors against the provision of ₹ 234 lakhs in the previous year and the balance amount of ₹ 104.75 lakhs is written back.

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Expenditure on corporate social responsibility:** | | |
| (i) Contribution to Sir Ness Wadia Foundation | 119.25 | *25.50* |
| (ii) Contribution to Nowrosjee Wadia Maternity Hospital | 69.00 | *144.50* |
| (iii) Contribution to Bai Jerbai Wadia Hospital for Children | 117.75 | - |
| **Total** | **306.00** | ***170.00*** |
| Amount required to be spent as per section 135 of the Act | 305.85 | *167.93* |
| Amount spent during the year on: | | |
| i) Construction/Acquisition of an asset | - | *144.50* |
| ii) On purposes other than (i) above | 306.00 | *25.50* |
| **Total** | **306.00** | ***170.00*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**Note 36: Fair value measurements**

**(a) Financial instruments by category**

₹ in lakhs

| Particulars | As at March 31, 2020 | | | *As at March 31, 2019* | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | *FVTPL* | *FVOCI* | *Amortised cost* |
| **Financial assets** | | | | | | |
| Investment | | | | | | |
| -Equity instruments# | - | 17,630.91 | - | - | *18,349.96* | - |
| -Mutual funds | - | - | - | *783.80* | - | - |
| Trade receivables | - | - | 3,224.88 | - | - | *3,059.38* |
| Cash and cash equivalents | - | - | 219.10 | - | - | *1,076.68* |
| Bank balances other than cash and cash equivalents | - | - | 73.86 | - | - | *421.13* |
| Security deposits | - | - | 55.47 | - | - | *85.22* |
| Inter corporate deposits## | - | - | 11,222.73 | - | - | *23,938.54* |
| Derivative designated as hedge - CCIRS | - | 675.54 | - | - | - | - |
| **Total financial assets** | **-** | **18,306.45** | **14,796.04** | ***783.80*** | ***18,349.96*** | ***28,580.95*** |
| **Financial liabilities** | | | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest) | - | - | 16,149.48 | - | - | *7,988.02* |
| Trade payable | - | - | 1,866.81 | - | - | *2,397.58* |
| Other financial liabilities | - | - | 2,865.23 | - | - | *1,464.56* |
| Derivative designated as hedge - CCIRS | - | - | - | - | *493.35* | - |
| **Total financial liabilities** | **-** | **-** | **20,881.52** | **-** | ***493.35*** | ***11,850.16*** |

\# These are investment in equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments and the Company considered this to be more relevant.

\## Inter corporate deposits include interest accrued till the year end, whereas the same has been classified under other financial assets in the financial statements.

**(b) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investment in equity instruments (at FVOCI) | 17,630.91 | - | - | **17,630.91** |
| Derivative designated as hedge - CCIRS | - | 675.54 | - | **675.54** |
| **Total financial assets** | **17,630.91** | **675.54** | **-** | **18,306.45** |
| **Financial liabilities** | **-** | **-** | **-** | **-** |
| **Total financial liabilities** | **-** | **-** | **-** | **-** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Security deposits | - | - | 21.40 | **21.40** |
| **Total financial assets** | **-** | **-** | **21.40** | **21.40** |
| **Financial liabilities** | | | | |
| Amount payable towards lease liabilities | - | - | 3.79 | **3.79** |
| **Total financial liabilities** | **-** | **-** | **3.79** | **3.79** |

| Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investment in equity instruments (at FVOCI) | 18,349.96 | - | - | **18,349.96** |
| Investment in mutual funds (at FVTPL) | 783.80 | - | - | **783.80** |
| **Total financial assets** | **19,133.76** | **-** | **-** | **19,133.76** |
| **Financial liabilities** | | | | |
| Derivative designated as hedge - CCIRS | - | 493.35 | - | **493.35** |
| **Total financial liabilities** | **-** | **493.35** | **-** | **493.35** |

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Security deposits | - | - | 40.35 | **40.35** |
| **Total financial assets** | **-** | **-** | **40.35** | **40.35** |
| **Financial liabilities** | - | - | - | - |
| Borrowings | - | - | 6,968.81 | **6,968.81** |
| **Total financial liabilities** | **-** | **-** | **6,968.81** | **6,968.81** |

**Note:**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between any levels during the year.

The Company does not have significant financial instrument at level 3 with unobservable input and hence no sensitivity analysis performed

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(c) Valuation techniques used to determine fair value**

Fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting date. The mutual funds are valued using the closing net asset value.

The fair value of cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves and forward exchange rates as at the balance sheet date

The fair values for security deposits are calculated based on cash flows discounted using a current lending rate.

The fair values of non-current borrowings are based on discounted cash flows using a credit adjusted borrowing rate as at the reporting date.

**(d) Fair value of financial assets and liabilities measured at amortised cost** ₹ in lakhs

| | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | Carrying amount | Fair value | *Carrying amount* | *Fair value* |
| **Financial assets** | | | | |
| Security deposits | 21.40 | 21.40 | *40.35* | *40.35* |
| **Total financial assets** | **21.40** | **21.40** | ***40.35*** | ***40.35*** |
| **Financial Liabilities** | | | | |
| Borrowings | - | - | *6,968.81* | *6,968.81* |
| Amount payable towards lease liabilities | 3.79 | 3.79 | *-* | *-* |
| **Total financial liabilities** | **3.79** | **3.79** | ***6,968.81*** | ***6,968.81*** |

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, inter corporate deposits including accrued interest, other financial assets, current financial liabilities- borrowings including accrued interest, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short term nature.

**Note 37: Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swap are entered to hedge certain foreign currency risk exposures and interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis | Credit limits, timely review, diversification of deposits |
| Liquidity Risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Recognised financial liabilities not denominated in Indian rupee (INR) | Sensitivity analysis | Foreign currency borrowing - hedged - CCIRS<br>Others - limited exposure, unhedged |
| Market risk- interest risk | Borrowing at variable rates | Sensitivity analysis | Cross currency interest rate swaps |
| Market risk- price risk | Investment in equity instruments | Sensitivity analysis | Strategic investment, diversification of portfolio |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

The Company has adopted a Risk Management Policy wherein all material risks faced by the Company are identified and assessed. The Risk Management framework defines the risk management approach of the Company and includes collective identification of risks impacting the Company's business and documents their process of identification, mitigation and optimization of such risks.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising interest expense at a fixed interest rate for the hedged loans and foreign currency borrowing at the fixed foreign currency rate.

Covid 19 pandemic - Commencing from the second half of March 2020, Covid 19 pandemic had an impact on the Indian and International business environment. Assessment of impact of Covid 19 pandemic on various elements of the risk management framework has been dealt with in note 46 Impact of Covid -19 Pandemic.

**(a) Credit risk**

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost as well as credit exposures to trade customers including outstanding receivables.

**Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company's credit risk arises from accounts receivable balances. The Company has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk assessment and credit line allocation process. Procedures are standardized within a customer credit risk policy and supported by the information technology system by limiting the credit exposure to each customer and allowing an average credit period of 30-60 days. The Company has adopted a policy of only dealing with creditworthy counterparties. Intercorporate deposits given are for not more than 12 months. The Company periodically assess the recoverability of intercorporate deposits.

The Company provides for life time allowance on trade receivable using simplified approach and on a case to case basis on specified customers. Specific debtors represents debtors facing bankruptcy cases, operation shutdown and other scenerio as determined by the management. Such debtors are categorised as specific debtors upon intimation/news. Such specific debtors has no nexus with the macro economy factor. The Company recognises expected credit loss on specified receivables as determined by the management.

| | **₹ in lakhs** |
|---|---:|
| **Reconciliation of loss allowance on trade receivables** | **Amount** |
| **Loss allowance on April 1, 2018** | ***38.15*** |
| Changes in loss allowance | - |
| **Loss allowance on March 31, 2019** | ***38.15*** |
| Changes in loss allowance | *30.15* |
| **Loss allowance on March 31, 2020** | **68.30** |

For banks and financial institutions, only highly rated banks / institutions are accepted. Generally all policies surrounding credit risk have been managed at Company level.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will fail in meeting its obligations to pay its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. In respect of its operations, the Company funds its activities primarily through cash generated in operations and working capital borrowings.

Management monitors the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Cash which is not needed in the operating activities of the Company is invested in marketable liquid funds.

Based on recent trends observed, profitability, cash generation, cash surpluses held by the Company and borrowing lines available, the Company does not envisage any material liquidity risks. Future outlook will depend on how the pandemic develops and the resultant impact on businesses. Refer note 46 Impact of Covid -19 Pandemic.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(i) Maturities of financial liabilities**

The amounts disclosed below are the non derivative contractual undiscounted cash flows of financial liablilities and net settled derivative financial instruments undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For cross currency interest rate swap, the cash flows have been estimated using forward interest rates and forward exchange rates as at the end of the reporting period.

₹ in lakhs

| March 31, 2020 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest)# | 16,702.61 | - | - | **16,702.61** |
| Trade payables | 1,866.81 | - | - | **1,866.81** |
| Other financial liabilities | 2,853.11 | - | - | **2,853.11** |
| Amount payable towards lease liabilities (Refer note 39) | 8.33 | 3.79 | - | **12.12** |
| **Total non derivative financial liabilities** | **21,430.86** | **3.79** | **-** | **21,434.65** |
| **Total derivative liabilities** | **-** | **-** | **-** | **-** |

# The foreign currency borrowing has a maturity period of 5 years. The loan has a Put and Call Option at the end of second year from the date of drawdown (i.e. March 6, 2019) and annually therafter. The Company has accordingly classified its borrowings of US $21 millions as current maturities of long term borrowing.

₹ in lakhs

| March 31, 2019 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest) | *1,266.81* | *8,407.75* | - | ***9,674.56*** |
| Trade payables | *2,397.58* | - | - | ***2,397.58*** |
| Other financial liabilities | *1,464.56* | - | - | ***1,464.56*** |
| **Total non derivative financial liabilities** | ***5,128.95*** | ***8,407.75*** | **-** | ***13,536.70*** |
| **Derivative (net settled)** | | | | |
| Cross currency interest rates swap | *339.61* | *(56.01)* | | ***283.60*** |
| **Total derivative liabilities** | ***339.61*** | ***(56.01)*** | **-** | ***283.60*** |

**(ii) Undrawn borrowing facilities**

₹ in lakhs

| The Company has following undrawn facilities: | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| Floating rate - foreign currency term loan | - | *7,692.30* |
| Fixed rate - term loan | - | *2,771.05* |
| Bank Overdraft | 317.73 | - |

**(c) Market risk**

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk, b) Interest rates risk and c) Other price risk.

Impact of Covid 19 pandemic- The pandemic can cause continuing volatility in the currency market and this risk would be mitigated through effective hedging policies. Further, the Company basis the recent trends believe that the probability of the non- occurrence of forecasted transactions is minimal. The Company also does not expect any material deterioration in both counterparty credit risk and own credit risk. Accordingly, the Company continues to believe that there is no impact on effectiveness of its hedges. Refer note 46 Impact of Covid -19 Pandemic.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arise from recognized assets and liabilities, when they are denominated in a currency other than functional currency of the Company. The Company imports certain raw materials and spare parts used in manufacturing and therefore is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US-dollar ("USD"). Company's exposure to foreign currency risk due to operation is very limited and it always ensures that the such exposure is within the approved limit for which Company does not require to hedge through derivatives. However, for foreign currency variable interest rate denominated borrowings the companies risk management policy is to hedge 100% of the exposure using cross currency interest rate swaps. Under the Company's policy, the critical term of the cross currency interest rate swaps must align the hedged item.

The Company's unhedged foreign currency exposure at the end of the reporting period expressed in ₹, are as follows:

**₹ in lakhs**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Financial liabilities** | | |
| Payable (Capital creditors) - (USD 0.24 lakhs; as at March 31, 2019 USD 4.13 lakhs) | 16.62 | *288.46* |
| **Net exposure to foreign currency risk (liabilities)** | **16.62** | ***288.46*** |

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

**₹ in lakhs**

| | Impact on profit before tax | |
|---|---|---|
| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
| FX rate – increase by 5% on closing rate on reporting date* | (0.83) | *(14.42)* |
| FX rate– decrease by 5% on closing rate on reporting date * | 0.83 | *14.42* |

* Holding all other variables constant

The above amounts have been disclosed based on the accounting policy for exchange differences.

**(ii) Interest rate risks**

The Company's interest risk arises from long term borrowings with variable rates, which expose the Company to cash flow interest rate risk . The Company's policy is to maintain most of its borrowing at fixed rates using floating to fixed interest rate swaps. The Company enters into long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. As at March 31, 2020, the Company's borrowing at variable rate was denominated in USD.

**(a) Interest rate risk exposures**

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

**₹ in lakhs**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Fixed rate borrowings (including accrued interest)# | 15,681.55 | *6,988.02* |
| Fixed rate borrowings | - | *1,000.00* |
| Floating rate borrowings | 467.93 | - |
| **Total** | **16,149.48** | ***7,988.02*** |

#This borrowing has been converted to fixed rate borrowings through cross currency interest swaps using floating to fixed interest rate swap.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(b) Sensitivity**

The above floating rate borrowing represents an overdraft facility having an interest rate based on MCLR plus applicable margin. This borrowing was utilised toward the end of the year and accordingly the impact in finance cost is minimal. Accordingly, the sensitivity is having minimal impact.

**(iii) Foreign currency and interest rate risks**

The Company has taken cross currency interest rate swaps (CCIRS) for hedging its foreign currency and interest rate risks related to external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risk and does the mark to market value is determined for both the risks together. The details of derivative financial instruments at the end of the reporting period expressed in ₹, are as follows:

| **Particulars** | **Currency** | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|---|
| **Derivative liability designated as hedge - net settled** | | **Amount in foreign Currency (in lakhs)** | **Fair value (Gain) / Loss (₹ in lakhs)** | ***Amount in foreign Currency ( in lakhs)*** | ***Fair value (Gain) / Loss (₹ in lakhs)*** |
| Cross currency interest rate swap | USD | 210.00 | 675.54 | *100.00* | *493.35* |

**Sensitivity**

The sensitivity of other comprehensive income before tax due to foreign currency movement and interest rate movements is as below.

| | **Year ended March 31, 2020** | | ***Year ended March 31, 2019*** | |
|---|---|---|---|---|
| FX rate - increase by 5% on closing rate of reporting date* | | 51.72 | | *556.9* |
| FX rate - decrease by 5% on closing rate of reporting date* | (51.72) | | *(556.9)* | |
| Interest rates - increase by 50 bps on closing rate on reporting date* | | 720.95 | | *134.69* |
| Interest rates - decrease by 50 bps on closing rate on reporting date* | (801.18) | | *(136.00)* | |

* Holding all other variable constant

**(iv) Other price risks**

The Company is exposed to equity price risks arising from equity investments. These investments are subject to changes in the market price of securities. Equity investments are held for strategic purpose rather than for trading purposes. The Company does not actively trade in these investments.

**Sensitivity**

If equity prices had been 10% higher / lower, other comprehensive income before tax for the year ended March 31, 2020 would increase / decrease by ₹ 1,763 lakhs (Year ended March 31, 2019: increase / decrease by ₹ 1,835 lakhs) as a result of the changes in fair value of shares measured at FVOCI.

**(a) Disclosure of effects of hedge accounting on financial position:**

**As at March 31, 2020** **₹ in lakhs**

| **Type of hedge and risks** | **Nominal value** | **Carrying amount of hedging instrument** | **Maturity date** | **Hedge ratio*** | **Weighted average strike price/ rate** | **Changes in fair value of hedging instrument gain** | **Change in the value of hedged item used as the basis for recognising hedge effectiveness** |
|---|---|---|---|---|---|---|---|
| **Derivative assets designated as cash flow hedge** | | | | | | | |
| Foreign exchange risk and interest rate risk | | | | | | | |
| Cross currency interest rate swap | 15,670.83 | 675.54 | June 6, 2020 to March 6, 2021 | 1:1 | $1= ₹ 70.54 8.55% | 675.54 | (675.54) |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**As at March 31, 2019** ₹ in lakhs

| Type of hedge and risks | Nominal value | Carrying amount of hedging instrument | Maturity date | Hedge ratio* | Weighted average strike price/rate | Changes in fair value of hedging instrument (loss) | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|
| **Derivative liabilities designated as cash flow hedge** | | | | | | | |
| Foreign exchange risk and interest rate risk | | | | | | | |
| Cross currency interest rate swap | 7,054.00 | 493.35 | June 6, 2020 to March 6, 2021 | 1:1 | $1= ₹ 70.54 8.55% | (493.35) | 493.35 |

The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Therefore, the hedge ratio is 1:1.

**(b) Disclosure of effects of hedge accounting on financial performance**

**As at March 31, 2020**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency interest rate swap | 1,168.89 | - | (920.95) | Finance cost of ₹ 22.75 lakhs and foreign exchange loss under other income of ₹ (943.70) lakhs |

**As at March 31, 2019**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency interest rate swap | (493.35) | - | 84.83 | Finance cost of ₹ 23.83 lakhs and foreign exchange gain under other income of ₹ 61.00 lakhs |

**Movements in cash flow hedging reserve**

| Risk category | ₹ in lakhs | |
|---|---|---|
| **Derivative instruments** | **Cross currency interest rate swap** | |
| Cash flow hedging reserve | **2019-20** | ***2018-19*** |
| **Opening Balance** | 265.77 | - |
| Add: Changes in fair value of CCIRS | (1,168.89) | *493.35* |
| Less: Amounts reclassified to profit or loss | 920.95 | *(84.83)* |
| Less: Deferred tax relating to above (net) | 86.64 | *(142.75)* |
| **Closing Balance** | 104.47 | *265.77* |

# Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**Hedge ineffectiveness**

The Company's hedging policy only allows for effective hedge relationships to be established.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

The Company enters into cross currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, repayment dates, maturities and notional amount as all critical terms matched during the year, the economic relationship was 100% effective. There was no ineffectiveness during the financial year ended March 31, 2020.

**Note 38: Capital Management**

**(a) Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. Gearing ratio is determined as net debt (total borrowings and lease liabilities net of cash and cash equivalents) divided by total 'equity'.

**₹ in lakhs**

| The gearing ratios were as follows: | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| Total debt | 16,161.60 | *7,988.02* |
| Less: Cash and cash equivalent | 219.10 | *1,076.68* |
| Net debt | 15,942.50 | *6,911.34* |
| Total equity | 48,645.41 | *61,509.18* |
| **Net debt to equity ratio** | **32.77%** | ***11.24%*** |

**Loan covenants**

The Company's ECB agreement is subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. During the current year, the Company undertook the expansion of its plant capacity from 95 KTPA to 150 KTPA, which required the plant to be shutdown for a period of 4 months. The company complied with all the covenants as per the borrowing agreement except two covenants stated below:

(i) the ratio of total borrowings to EBITDA at the end of each measurement period shall not be greater than 3 and;

(ii) the ratio of EBIT to total debt service at the end of each measurement period shall not be less than 1.25.

While the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of US $ 21 Million, the bank had not requested early repayment of the loan as of the date when these financial statements were approved.

**(b) Dividends**

**₹ in lakhs**

| | | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|---|
| (i) | Equity shares | 3,735.55 | *3,735.55* |
| | Final dividend for the year ended March 31, 2019 of ₹ 65 (March 31, 2018 - ₹ 65) per fully paid share | | |
| | Dividend Distribution Tax (DDT) on final dividend | 768.03 | *767.86* |
| (ii) | Dividends not recognised at the end of the reporting period | 718.38 | *3,735.55* |
| | For the year ended March 31, 2020, the directors have recommended a final dividend of ₹ 12.50 per fully paid equity share (March 31, 2019 - ₹ 65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | | |
| | Dividend Distribution Tax (DDT) on Dividend | - | *767.86* |

# Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**Note 39: Leases**

**Operating lease arrangements**

The Company has entered into non-cancellable operating lease arrangements for certain motor vehicles for a period of four years. Total rental expenses relating to operating leases recognised in statement of profit and loss during the previous year is ₹ 46.25 lakhs.

| | ₹ in lakhs |
|---|---|
| **Non-cancellable operating lease commitments** | ***As at March 31, 2019*** |
| Within one year | *11.85* |
| Later than one year and not later than 5 years | *13.63* |
| Later than 5 years | - |

**(a) Change in accounting policy**

**Impact on financial statements- lessee accounting**

The Company has applied Ind AS 116 with the date of initial application of April 1, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company has applied Ind AS 116 using the modified prospective approach and consequently, comparatives for previous periods have not been prospectively adjusted. This has resulted in recognition of 'Right of use' asset (ROU) and an equivalent lease liability and there is no impact on the retained earnings as on April 1, 2019. On adoption of Ind AS 116, the lease liabilities are measured at present value of the lease payments and discounted using the lessee's incremental borrowing rate as on April 1, 2019.

**(i) Practical expedients applied**

1) Applied a single discount rate to a portfolio of leases with similar assets in similar characteristic
2) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4) Applied the practical expedient to grandfather the assessment of which was made under Ind AS 17. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
5) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.50%.

**(ii) Measurement of lease liability**

| | ₹ in lakhs<br>***April 1, 2019*** |
|---|---|
| Lease commitments as at March 31, 2019 | 25.48 |
| Add/(Less): adjustment on account of present value of lease liability | (2.43) |
| **Lease liability as at April 1, 2019** | **23.05** |

**(iii) Measurement of ROU assets**

| | ***As at April 01, 2019*** |
|---|---|
| ROU assets as at March 31, 2019 | 25.48 |
| Less: Adjustment on account of present value of ROU assets | (2.43) |
| **ROU asset as at April 1, 2019** | **23.05** |

**(iv) Adjustments recognised in the balance sheet on April 1, 2019:**

The change in accounting policy affected the following items in balance sheet

The associated ROU assets for leased vehicles were measured at an equivalent amount of lease liability. The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

| | ₹ in lakhs<br>**As at April 1, 2019** |
|---|---|
| Increase in lease liability by | (23.05) |
| Increase in right of use asset by | 23.05 |
| Opening impact on retained earning as at April 1, 2019 | - |

**(b) As lessee**

**(i) Carrying value of right of use assets at the end of the reporting period by class**

| | **Vehicle** | **Total** |
|---|---|---|
| Balance as on April 1, 2019 | 23.05 | 23.05 |
| Additions | - | - |
| Disposals | (0.76) | (0.76) |
| Depreciation | (11.03) | (11.03) |
| **Balance as of March 31, 2020** | **11.26** | **11.26** |

**(ii) The following is the break-up of lease liability as at reporting date**

| | **As at March 31, 2020** | ***As at April 1, 2019*** |
|---|---|---|
| Current lease liability (Current maturities of lease liabilities) | 8.33 | *11.58* |
| Non-current lease liability (Non-current financial liabilities - Other financial liabilities) | 3.79 | *11.47* |
| **Balance as of March 31, 2020** | **12.12** | ***23.05*** |

**(iii) The following is the movement of lease liability during year ended March 31, 2020**

| | **For year ended March 31, 2020** |
|---|---|
| Balance as of April 01, 2019 | 23.05 |
| Additions | - |
| Deletions | (0.94) |
| Finance cost Incurred | 1.59 |
| Payment of lease liabilities | (11.58) |
| **Balance as of March 31, 2020** | **12.12** |

**(iv) The table below provides details regarding the contractual maturities of lease liabilities as at reporting date on an undiscounted basis:**

| | **As at March 31, 2020** | ***As at April 1, 2019*** |
|---|---|---|
| Less than one year | 8.33 | *11.85* |
| One to five years | 3.79 | *13.63* |
| More than five years | - | - |
| **Balance as of March 31, 2020** | **12.12** | ***25.48*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(v) Amount recognized in statement of profit and loss**

| | | ₹ in lakhs<br>*As at March 31, 2020* |
|---|---|---|
| Interest on lease liability (included in finance cost) | **Note 33** | *1.59* |
| Expense relating to short-term leases and low value assets | **Note 35** | *23.67* |
| Depreciation | **Note 34** | *11.03* |

(vi) Total cash outflow for leases for the year ended March 31, 2020 was ₹ 11.58 lakhs

(vii) There are no variable lease payments included in the measurement of lease liability.

(viii) Extension and termination options: Extension and termination options are included in the lease contracts of the Company. These are used to maximise operational flexibility in terms of managing the assets of the Company. All the extension and termination options held are exercisable both by the Company and the respective lessor.

| **Note 40 : Earning per share** | **As at March 31, 2020** | ***As at March 1, 2019*** |
|---|---|---|
| **Basic and diluted earnings per share** | | |
| Profit for the year (₹ in lakhs) | 1,736.62 | *15,303.33* |
| Weighted average number of equity shares | 5,747,000 | *5,747,000* |
| Basic and diluted earnings per share (₹) | 30.22 | *266.28* |
| Face value per share (₹) | 10.00 | *10.00* |

**Note 41 : Segment reporting**

The CEO & Director reviews the Company's performance. Presently, the Company is engaged in only one segment viz 'Manufacturing of peroxygens' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

**Information about major customers**

Revenue for the year ended March 31, 2020 and March 31, 2019 were from customers located in India. Customers include private distribution entities. No single customer of the Company accounts for 10% or more of total revenue.

| | | ***₹ in lakhs*** |
|---|---|---|
| **Note 42 : Contingent liabilities and commitments** | **As at March 31, 2020** | ***As at March 31, 2019*** |
| **(a) Contingent Liabilities:** | | |
| **(i) Claims against the Company not acknowledged as debt:** | | |
| Sales tax demand | 38.90 | *38.90* |

(ii) Contingent liability relating to determination of provident fund liability, based on judgement from Hon'ble Supreme Court, is not determinable at present for the period prior to March 2019, due to uncertainty on the impact of the judgement in the absence of further clarification relating to applicability. The Company has paid Provident Fund to employees as applicable with effect from March 2019. The Company will continue to assess any further developments in this matter for their implications on financial statements, if any.

**(b) Commitments:**

(i) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for Rs 10.63 lakhs (March 31, 2019 ₹ 8,698.15 lakhs).

(ii) Other commitment:

The Company has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till December 31, 2025. As per the said agreement, the Company under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. GAIL has the discretion to waive off the Take or Pay charges. A request for supply of Make Up gas can be made by the Company corresponding to Take or Pay deficiencies which are outstanding and for which the Company would pay to GAIL at the time of annual program.

(iii) For lease commitment, refer note 39.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**Note 43 : Employee benefit obligations**

The Company has classified various employee benefits as under:

**(a) Leave Obligations**

The leave obligations cover the Company's liability for sick and privileged leave

₹ in lakhs

| Provision for leave encashment | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Current | 105.15 | *118.55* |
| Non-current | 184.86 | *176.87* |

**(b) Defined Contribution Plan**

(i) Provident fund

(ii) Superannuation fund

The Company has recognised the following amounts in the Statement of Profit and Loss for the year:

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| (i) Contribution to provident fund | 120.46 | *116.34* |
| (ii) Contribution to superannuation fund | 28.40 | *29.18* |

**(c) Post employment obligations**

**Gratuity**

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

**(i) Significant estimates: actuarial assumptions**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date | | |
| Discount rate (per annum) | 6.10% | *7.65%* |
| Salary escalation rate | | |
| -For management employees | 8.00% | *8.00%* |
| -For other employees | 8.00% | *8.00%* |
| Mortality rate | Indian Assured Lives Mortality (2012-14) Ult table | *Indian Assured Lives Mortality (2012-14) Ult table* |

The estimates of salary escalation rate considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(ii) Gratuity Plan**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

₹ in lakhs

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **As at April 1, 2019** | **1,185.89** | **(1,154.96)** | **30.93** |
| Current service cost | 53.26 | - | 53.26 |
| Interest expense / (income) | 72.31 | (73.77) | (1.46) |
| **Total amount recognised in profit and loss** | **125.57** | **(73.77)** | **51.80** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (49.50) | (49.50) |
| (Gain) / loss from change in financial assumptions | 64.97 | - | 64.97 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | (47.87) | - | (47.87) |
| **Total amount recognised in other comprehensive income** | **17.10** | **(49.50)** | **(32.40)** |
| Employer contributions | - | - | - |
| Benefits payments | (48.43) | 48.43 | - |
| **As at March 31, 2020** | **1,280.13** | **(1,229.80)** | **50.33** |
| **As at April 1, 2018** | **1,131.76** | **(1,055.11)** | **76.65** |
| Current service cost | 40.85 | - | 40.85 |
| Interest expense / (income) | 70.08 | (64.60) | 5.48 |
| **Total amount recognised in profit and loss** | **110.93** | **(64.60)** | **46.33** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (26.63) | (26.63) |
| (Gain) / loss from change in financial assumptions | (31.01) | - | (31.01) |
| (Gain) / loss from change in demographic assumptions | 30.14 | - | 30.14 |
| Experience (gains) / losses | 12.10 | - | 12.10 |
| **Total amount recognised in other comprehensive income** | **11.23** | **(26.63)** | **(15.40)** |
| Employer contributions | - | (76.65) | (76.65) |
| Benefits payments | (68.03) | 68.03 | - |
| **As at March 31, 2019** | **1,185.89** | **(1,154.96)** | **30.93** |

The net liability disclosed above relates to funded plans are as follows:

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Present value of funded obligations | 1,280.13 | *1,185.89* |
| Fair value of plan assets | (1,229.80) | *(1,154.96)* |
| **Deficit of gratuity plan** | **50.33** | ***30.93*** |
| Current portion | 50.33 | *30.93* |
| Non-current portion | - | - |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(iii) Sensitivity analysis**

Significant estimates: Sensitivity of actuarial assumptions

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

| | Impact on defined benefit obligation | | | | | |
|---|---|---|---|---|---|---|
| | **Change in assumption** | | **Increase in assumption** | | **Decrease in assumption** | |
| | **March 31, 2020** | ***March 31, 2019*** | **March 31, 2020** | ***March 31, 2019*** | **March 31, 2020** | ***March 31, 2019*** |
| Discount rate | 0.50% | *0.50%* | -1.73% | *-1.71%* | 1.82% | *1.79%* |
| Salary escalation rate | 0.50% | *0.50%* | 1.76% | *1.77%* | -1.70% | *-1.70%* |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(iv)** The above defined benefit gratuity plan was administrated 100% by a trust as at March 31, 2020 and March 31, 2019.

**(v)** Defined benefit liability and employer contributions

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 4.35 years (March 31, 2019 – 4.37 years).

**(vi) Risk exposure**

Aforesaid post-employment benefit plans typically expose the Company to acturial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in india, it has a relatively balanced mix of investments in govenment securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

**(vii) Category of plan asset**

**₹ in lakhs**

| | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | **Amount** | **in %** | ***Amount*** | ***in %*** |
| Government debt instruments | 325.08 | 26% | *325.96* | *27%* |
| Other debt instruments | 554.29 | 45% | *613.04* | *51%* |
| Insurer managed funds | - | 0% | *-* | *0%* |
| Others | 350.44 | 28% | *270.65* | *22%* |
| **Total** | **1,229.81** | **100%** | ***1,209.65*** | ***100%*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(viii) Projected cash flow**

| | ₹ in lakhs<br>As at<br>March 31, 2020 | <br>*As at*<br>*March 31, 2019* |
|---|---|---|
| Less than a year | 669.75 | *481.43* |
| Between 1-2 years | 29.48 | *246.66* |
| Between 2-5 years | 320.88 | *259.40* |
| Between 5-9 years | 343.18 | *374.12* |
| 10 years and above | 330.51 | *325.84* |

**Pension**

The Company operates a defined benefit pension plan. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. The Company does not contribute annually to any trust or a fund towards the liability under the plan, this plan is unfunded.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of pension have been carried out by an independent actuary, as at the Balance Sheet date

| | | |
|---|---|---|
| Discount rate (per annum) | 6.10% | *7.65%* |
| Salary escalation rate | 8.00% | *8.00%* |
| Pension increase rate | 0.00% | *0.00%* |

**(ii) Pension Plan**

| | ₹ in lakhs<br>Present value of obligation |
|---|---|
| **As at April 1, 2019** | **77.94** |
| Current service cost | 5.94 |
| Interest expense / (income) | 5.63 |
| **Total amount recognised in profit and loss** | **11.57** |
| Remeasurements | |
| (Gain) / loss from change in financial assumptions | 6.28 |
| (Gain) / loss from change in demographic assumptions | - |
| Experience (gains) / losses | (2.85) |
| **Total amount recognised in other comprehensive income** | **3.43** |
| Benefits payment | (8.67) |
| **As at March 31, 2020** | **84.27** |

| | ₹ in lakhs<br>Present value of obligation |
|---|---|
| **As at April 1, 2018** | **66.37** |
| Current service cost | 5.00 |
| Interest expense / (income) | 4.67 |
| **Total amount recognised in profit and loss** | **9.67** |
| Remeasurements | |
| (Gain) / loss from change in financial assumptions | - |
| (Gain) / loss from change in demographic assumptions | 13.25 |
| Experience (gains) / losses | (1.27) |
| **Total amount recognised in other comprehensive income** | **11.98** |
| Benefits payment | (10.08) |
| **As at March 31, 2019** | **77.94** |

The net liability disclosed above relates to funded plans are as follows:

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Present value of funded obligations | 84.27 | *77.94* |
| **Deficit of pension plan** | **84.27** | ***77.94*** |
| Current portion | 8.61 | *8.71* |
| Non-current portion | 75.66 | *69.24* |

**(iii) Sensitivity analysis**

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

| | Impact on defined benefit obligation | | | | | |
|---|---|---|---|---|---|---|
| | Change in assumptions | | Increase in assumptions | | Decrease in assumptions | |
| | March 31, 2020 | *March 31, 2019* | March 31, 2020 | *March 31, 2019* | March 31, 2020 | *March 31, 2019* |
| Discount rate | 0.50% | *0.50%* | -2.61% | *-2.50%* | 2.75% | *2.63%* |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(vi) Risk exposure**

Aforesaid post-employment benefit plans typically expose the Company to acturial risks such as: Investment risk, interest rate risk, and salary risk.

Investment risk: The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in india, it has a relatively balanced mix of investments in govenment securities, and other debt instruments.

Interest risk: A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

**(v) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 5.36 years (March 31, 2019 – 5.13 years).

**(vi) Projected cash flow** ₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Less than a year | 8.61 | *8.71* |
| Between 1-2 years | 10.39 | *8.50* |
| Between 2-5 years | 27.58 | *26.32* |
| Between 5-9 years | 36.41 | *35.76* |
| 10 years and above | 41.79 | *47.40* |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**Provident Fund**

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Company measures its liability towards provident fund through actuarial valuation using 'projected credit unit method'. In case of net assets, assets are recognised to the extent of liability only.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of provident fund have been carried out by an independent actuary, as at the Balance Sheet date

| | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| Discount rate (per annum) | 6.10% | *7.65%* |

**(ii) Provident fund plan**

₹ in lakhs

| | **Present value of obligation** | **Fair value of plan assets** | **Net amount** |
|---|---|---|---|
| **As at April 1, 2018** | **583.63** | **(576.75)** | **6.88** |
| Current service cost | 7.22 | - | 7.22 |
| Interest expense / (income) | 44.34 | (44.34) | - |
| **Interest on net defined benefit liability / assets** | **51.56** | **(44.34)** | **7.22** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | 0.88 | 0.88 |
| (Gain) / loss from change in financial assumptions | (7.31) | - | -7.31 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | (0.45) | - | -0.45 |
| **Total amount recognised in other comprehensive income** | **(7.76)** | **0.88** | **(6.88)** |
| Employer's contributions | 7.82 | (7.22) | 0.60 |
| Employee's contributions | - | (7.82) | -7.82 |
| Benefits payment | (22.54) | 22.54 | - |
| **As at March 31, 2019** | **612.71** | **(612.71)** | **-** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **As at April 1, 2019** | **612.71** | **(612.71)** | **-** |
| Current service cost | 5.83 | - | 5.83 |
| Interest expense / (income) | 44.51 | (44.51) | - |
| **Interest on net defined benefit liability / assets** | **50.34** | **(44.51)** | **5.83** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (9.00) | (9.00) |
| (Gain) / loss from change in financial assumptions | 23.00 | - | 23.00 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | 9.00 | - | 9.00 |
| **Total amount recognised in other comprehensive income** | **32.00** | **(9.00)** | **23.00** |
| Employer's contributions | - | (5.83) | (5.83) |
| Employee's contributions | 6.36 | (6.36) | - |
| Benefits payment | (73.37) | 73.37 | - |
| **As at March 31, 2020** | **628.04** | **(605.04)** | **23.00** |

The net liability disclosed above relates to funded plans are as follows:

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Present value of funded obligations | 628.04 | *612.71* |
| Fair value of plan assets | (605.04) | *(612.71)* |
| **Deficit of provident fund plan** | **23.00** | **-** |
| Current portion | 3.25 | - |
| Non-current portion | 19.75 | - |

**(iii) Sensitivity analysis**

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is

| | Change in assumptions | | Impact on defined benefit obligation: Increase in assumptions | | Decrease in assumptions | |
|---|---|---|---|---|---|---|
| | March 31, 2020 | *March 31, 2019* | March 31, 2020 | *March 31, 2019* | March 31, 2020 | *March 31, 2019* |
| Discount rate | 0.50% | *0.50%* | 2.27% | *2.11%* | -1.83% | *0.00%* |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(iv)** The above defined benefit plan was administrated 100% by a trust as at March 31, 2020 and March 31, 2019

**(v)** Defined benefit liability and employer contributions

The Company will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration to payment is 9.53 years (March 31, 2019 – 8.85 years).

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

**(vi)** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

**(vii) Category of plan asset**

₹ in lakhs

| | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | **Amount** | **in %** | ***Amount*** | ***in %*** |
| Government debt instruments | **145.64** | 24% | *205.59* | *34%* |
| Other debt instruments | **255.68** | 42% | *259.45* | *42%* |
| Entity's own equity instruments | **14.31** | 2% | *14.31* | *2%* |
| Others | **189.41** | 31% | *133.36* | *22%* |
| **Total** | **605.04** | **100%** | ***612.71*** | ***100%*** |

**Note 44 : Related party transactions**

As per Indian Accounting Standard 24 (Ind AS 24) 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Company's related parties and transactions are disclosed below:

**(A) Enterprises exercising control**

Ultimate holding entity - Ben Nevis Investments Limited (Refer note 18)
Parent entity - Nowrosjee Wadia and Sons Limited (Refer note 18)

**(B) Enterprises where control exists**

Subsidiary company - Naperol Investments Limited

**(C) Key management personnel**

Mr. Suresh Khurana, Chief Executive Officer and Director (upto June 4, 2020)
Mr. Rajiv Arora, Chief Executive Officer & Director (w.e.f. June 4, 2020 )

**Non-executive Directors**

Mr. Ness N. Wadia - Chairman
Dr (Mrs.) Minnie Bodhanwala

**Independent Directors**

Mr. Rajesh Batra
Mr. N. P. Ghanekar (Upto August 10, 2019)
Mr. S. Ragothaman
Mr. Viraf Mehta (w.e.f. July 4, 2019)
Ms. Harshbeena Zaveri (w.e.f. March 31, 2020)

**(D) Enterprises controlled by the parent entity and with whom transactions were carried out during the year**

Wadia Techno-Engineering Services Limited
Macrofil Investments Limited (Refer Note 18)
The Bombay Burmah Trading Corporation Limited

**(E) Employee benefits plans and with whom transactions were carried out during the year**

National Peroxide Limited Employees' Provident Fund
National Peroxide Limited Employees' Gratuity Fund

**(F) Enterprises over which key managerial personnel have significant influence and with whom transactions were carried out during the year**

Sir Ness Wadia Foundation
Nowrosjee Wadia Maternity Hospital
Bai Jerbai Wadia Hospital for Children

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

### (G) Details of transactions during the year:

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Inter corporate deposit given** | | |
| Wadia Techno-Engineering Services Limited | 650.00 | *350.00* |
| **Repayment of Inter corporate deposit given** | | |
| Nowrosjee Wadia and Sons Limited | - | *3,000.00* |
| Wadia Techno-Engineering Services Limited | 500.00 | - |
| Macrofil Investments Ltd | 3,000.00 | - |
| **Investments made** | | |
| The Bombay Burmah Trading Corporation Limited | 9,543.86 | - |
| **Interest income on intercorporate deposit** | | |
| Nowrosjee Wadia and Sons Limited | - | *189.86* |
| Wadia Techno-Engineering Services Limited | 94.81 | *60.40* |
| Macrofil Investments Limited | 123.77 | *300.00* |
| **Dividend income** | | |
| The Bombay Burmah Trading Corporation Limited | 12.52 | *12.52* |
| **Miscellaneous Expenses** | | |
| Nowrosjee Wadia and Sons Limited | 62.92 | *140.60* |
| **Reimbursement of expenses** | | |
| Nowrosjee Wadia and Sons Limited | 63.01 | *54.64* |
| The Bombay Burmah Trading Corporation Limited | - | *1.89* |
| Britannia Industries Ltd | - | *0.51* |
| **Expenditure on CSR** | | |
| Sir Ness Wadia Foundation | 119.25 | *25.50* |
| Nowrosjee Wadia Maternity Hospital | 69.00 | *144.50* |
| Bai Jerbai Wadia Hospital for Children | 117.75 | - |

### (H) Compensation to key managerial personnel

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| Mr. Suresh Khurana | | |
| Short term employee benefits | 209.01 | *194.53* |
| Post employment benefits** | 17.42 | *16.07* |
| **Total** | **226.43^** | ***210.60*** |

** As the liabilities for defined benefit plans are provided on actuarial basis for the Company the amounts pertaining to Key Managerial Personnel are not included.

^ The Company has paid/provided for managerial remuneration amounting to ₹ 65.92 lakhs which is in excess of the limits specified in Section 197 read with Schedule V to the Act, which is subject to approval of shareholders at the ensuing annual general meeting.

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| | | | ₹ in lakhs |
| (I) | **Commission to Non-Executive Directors#** | 32.10 | *234.00* |

# During the year, the Company has paid commission of ₹ 129.25 lakhs to non-executive directors relating to previous year and the balance amount of ₹ 104.75 lakhs is written back.

During the previous year, the Company has paid commission of ₹ 90 lakhs to non-executive directors relating to previous year and the balance amount of ₹ 59 lakhs is written back.

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (J) | **Director Sitting fees to Non-Executive Directors** | 43.50 | *22.00* |
| (K) | **Contribution to employee benefit plans** | | |
| | National Peroxide Limited Employees' Provident Fund | 5.83 | *7.22* |
| | National Peroxide Limited Employees' Gratuity Fund | - | *76.65* |

**(L) Balances with related parties as at the year end:**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| | | ₹ in lakhs |
| **Intercorporate deposits to related party** | | |
| Wadia Techno-Engineering Services Limited | 1,000.00 | *850.00* |
| Macrofil Investments Limited | - | *3,000.00* |
| **Interest accrued but not due on deposits** | | |
| Wadia Techno-Engineering Services Limited | 24.86 | - |
| **Investments** | | |
| Naperol Investments Limited | 25.50 | *25.50* |
| The Bombay Burmah Trading Corporation Limited | 16,895.73 | *16,269.83* |
| **Trade Payables** | | |
| Nowrosjee Wadia and Sons Limited | 15.34 | *11.78* |
| **Contributions Made** | | |
| National Peroxide Limited Employees' Provident Fund | 605.04 | *612.71* |
| National Peroxide Limited Employees' Gratuity Fund | 1,229.80 | *1,154.96* |
| **Payable to Key managerial personnel** | | |
| Mr. Suresh Khurana | 68.55 | *66.53* |

### Note 45: Disclosure pursuant to Ind AS 115 - Revenue from Contracts with Customers.

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| | | | ₹ in lakhs |
| (A) | **Revenue streams** | | |
| | **Revenue from contracts with customers** | | |
| | Sales of Goods/Income from operation | 19,057.54 | *40,134.65* |
| | Other operating revenues | 7.33 | *15.57* |
| | **Total** | 19,064.87 | *40,150.22* |

**(B)** There are no material unsatisfied performance obligations for the year ended March 31, 2020 and March 31, 2019. Further, entire revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer.

**(C) Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

| | | |
|---|---|---|
| Domestic | 19,038.11 | *40,134.65* |
| Exports | 19.43 | - |
| **Sale of goods / income from operations** | **19,057.54** | ***40,134.65*** |

## Notes to the financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|---|
| **(D)** | **Movement in expected credit loss during the year:** | | |
| | Opening balance for loss allowance | 38.15 | *38.15* |
| | Changes in allowance for expected credit loss: | - | - |
| | Add : Loss allowance assessed for the current year | 30.15 | - |
| | Closing balance for loss allowance | **68.30** | ***38.15*** |
| **(E)** | **Reconciliation of net sale of goods** | | |
| | Revenue as per contract price | 19,535.68 | *40,836.16* |
| | Less: Refund Liabilities - Sales Returns / Credits / Reversals | 66.73 | *127.38* |
| | Less: Discounts & Rebates | 411.41 | *574.13* |
| | **Total** | **19,057.54** | ***40,134.65*** |

**(F)** The entire amount of contract liability as of March 31, 2019 has been recognised as revenue during the current year.

**(G)** There are no significant changes in contract liabilities during the year ended March 31, 2020.

**Note 46 : Impact of Covid -19 Pandemic**

The spread of COVID-19 disease has severely impacted economies, businesses and social set ups across the globe and in India. The spread of COVID-19 and the consequent lockdowns, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses.

Management has carried out a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of Property, Plant and Equipment, Trade receivables, Inventory, Intercorporate deposits and Investments as at the balance sheet date, and has concluded that there are no material adjustments required in the standalone financial statements.

Based on the Company's liquidity position at March 31, 2020 and review of cash flow projections (after applying sensitivity analysis) over the next twelve months, the management believes the Company will have sufficient liquidity to operate its businesses in the ordinary course. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

The eventual outcome of the impact of the COVID-19 pandemic on the Company's business may be different from that estimated as on the date of approval of these standalone financial statements.

**Note 47:** The financial statement were authorised for issue by the Board of Directors on July 14, 2020.

**Note 48:** The figures for the previous year have been reclassified /regrouped wherever necessary for better understanding and comparability.

As per our report of even date attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Asha Ramanathan
*Partner*
*Membership No. 202660*

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

CONRAD FERNANDES
*Chief Financial Officer*

CHANDUKUMAR PARMAR
*Company Secretary*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

VIRAF MEHTA
*Director*
*DIN: 00352598*

RAJESH BATRA
*Director*
*DIN: 00020764*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# INDEPENDENT AUDITOR'S REPORT

**To the Members of National Peroxide Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of National Peroxide Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), (refer Note 2.1 [b] to the attached consolidated financial statements), which comprise the consolidated balance sheet as at March 31, 2020 and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 15 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

4. We draw your attention to Note 46 to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

5. 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment (Refer to Note 3 of the consolidated financial statements):**<br>During the year, the Holding Company capitalised ₹ 21,544.68 lakhs as Property, Plant and Equipment in respect of production capacity expansion from 95 KTPA to 150 KTPA of its plant at Kalyan, Maharashtra.<br>Given the significance of the capital expenditure during the year, there are risks pertaining to the appropriateness of the expenditure capitalised in line with the criteria of Ind AS 16, Property, Plant and Equipment. | Our procedures in relation to appropriateness of capitalisation of costs as per Ind AS 16 included the following:<br>• Evaluated the Board approval for the expansion of 150 KTPA Plant.<br>• Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property, Plant and Equipment.<br>• Performed test of details relating to capital acquisition process i.e. quotation/ vendor selection, invoice and purchase order approvals and classification.<br>• Performed test of details with focus on those items (example internally generated cost, borrowing costs etc.) that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in Ind AS 16, Property, Plant and Equipment in this regard.<br>• Reviewed the other costs tested during the course of our audit and debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalization.<br>• Examined the factors considered by the Holding Company to determine the date on which the plant was ready to be used.<br>• Ensured adequacy of disclosures in the standalone financial statements.<br>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalized. |

**Other Information**

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our and other auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

7. The Holding Company's Board of Directors is responsible for the preparation and presentation 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, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the holding company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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.

9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's responsibilities for the audit of the consolidated financial statements**

10. 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.

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

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditors, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company 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.
13. 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.
14. 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 about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

15. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 31,611.98 lakhs and net assets of ₹ 31,590.36 lakhs as at March 31, 2020, total revenue of ₹ 58.14 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ (24,304.49) lakhs and net cash flows amounting to ₹ 0.72 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act including report on other information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

16. 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 by the Holding Company and its subsidiary included in the group so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), 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 and records maintained by the Holding Company and its subsidiary included in the group for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(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 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 internal financial controls with reference to financial statements 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 Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2020 on the consolidated financial position of the Group – Refer Note 42 to the consolidated financial statements.

ii. The Group had long-term contracts including derivative contracts as at March 31, 2020 for which there were no 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 Holding Company. During the year ended March 31, 2020, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

17. As mentioned in the Note 44 to the financial statements, the Company has paid / provided for managerial remuneration amounting to ₹ 65.92 lakhs, which is in excess of the limits specified in Section 197 read with Schedule V to the Act, which is subject to approval of shareholders in the ensuing annual general meeting.

For Price Waterhouse Chartered Accountants LLP
Firm Registrat ion Number: 012754N/N500016

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAABS9882

Place: Mumbai
Date: July 14, 2020

# Annexure A to Independent Auditors' Report

Referred to in paragraph 16(f) of the Independent Auditors' Report of even date to the members of National Peroxide Limited on the consolidated financial statements for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of National Peroxide Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 the 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**

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal financial controls with reference to financial statements**

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

**Inherent Limitations of Internal financial controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

**Other Matters**

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAABS9882

Place: Mumbai
Date: July 14, 2020

# Consolidated Balance Sheet as at March 31, 2020

| | Notes | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|---|
| | | | **₹ in lakhs** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 37,154.03 | *16,574.69* |
| Capital work-in-progress | 3 | - | *7,540.39* |
| Intangible Assets | 4 | 85.02 | *-* |
| Financial assets | | | |
| (i) Investments | 5 | 49,239.86 | *74,263.26* |
| (ii) Loans | 6 | 21.40 | *40.35* |
| Income tax assets (net) | 7 | 313.03 | *320.66* |
| Other non-current assets | 8 | 382.35 | *2,156.12* |
| **Total non-current assets** | | **87,195.69** | ***100,895.47*** |
| **Current assets** | | | |
| Inventories | 9 | 2,440.22 | *3,180.63* |
| Financial assets | | | |
| (i) Investments | 10 | - | *783.80* |
| (ii) Trade receivables | 11 | 3,224.88 | *3,059.38* |
| (iii) Cash and cash equivalents | 12 | 222.13 | *1,078.99* |
| (iv) Bank balances other than (iii) above | 13 | 73.86 | *421.13* |
| (v) Loans | 14 | 11,034.07 | *23,894.87* |
| (vi) Other financial assets | 15 | 898.27 | *88.54* |
| Other current assets | 16 | 344.28 | *776.50* |
| Asset held for sale | 17 | 378.46 | *-* |
| **Total current assets** | | **18,616.17** | ***33,283.84*** |
| **Total assets** | | **105,811.86** | ***134,179.31*** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 18 | 574.70 | *574.70* |
| Other equity | 19 | 79,635.57 | *116,803.83* |
| **Total equity** | | **80,210.27** | ***117,378.53*** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 20 | - | *6,968.81* |
| (ii) Other financial liabilities | 21 | 3.79 | *493.35* |
| Deferred tax liabilities (net) | 7 | 3,932.89 | *3,238.71* |
| Provisions | 22 | 280.27 | *246.11* |
| **Total non-current liabilities** | | **4,216.95** | ***10,946.98*** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 23 | 467.93 | *1,000.00* |
| (ii) Trade payables | 24 | | |
| (a) total outstanding dues of micro enterprises and small enterprises; and | | 15.98 | *4.30* |
| (b) total outstanding dues of creditors other than (ii) (a) above | | 1,851.53 | *2,394.28* |
| (iii) Other financial liabilities | 25 | 18,542.99 | *1,483.77* |
| Contract liabilities | | 46.91 | *15.86* |
| Other current liabilities | 26 | 110.14 | *121.50* |
| Provisions | 27 | 167.34 | *158.18* |
| Income tax liabilities (net) | 7 | 181.82 | *675.91* |
| **Total current liabilities** | | **21,384.64** | ***5,853.80*** |
| **Total liabilities** | | **25,601.59** | ***16,800.78*** |
| **Total equity and liabilities** | | **105,811.86** | ***134,179.31*** |
| Basis of Preparation and Significant accounting policies | 2 | | |

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

## Consolidated Statement of Profit and Loss for the year ended March 31, 2020

₹ in lakhs

| | Notes | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 28 | 19,123.01 | *40,227.96* |
| Other income | 29 | 1,795.10 | *1,910.85* |
| **Total income** | | **20,918.11** | ***42,138.81*** |
| **Expenses** | | | |
| Cost of raw materials and packing materials consumed | 30 | 6,487.74 | *10,490.63* |
| Purchase for stock in trade | | 90.19 | - |
| Changes in inventories of finished goods | 31 | 1,644.53 | *(1,822.38)* |
| Power, fuel and water | | 2,604.54 | *3,277.56* |
| Employee benefit expenses | 32 | 2,633.49 | *2,360.64* |
| Finance costs | 33 | 273.68 | *73.09* |
| Depreciation and amortisation expenses | 34 | 1,122.83 | *923.15* |
| Other expenses | 35 | 3,105.21 | *3,234.20* |
| **Total expenses** | | **17,962.21** | ***18,536.89*** |
| **Profit before tax** | | **2,955.90** | ***23,601.92*** |
| Income tax expense | 7 | | |
| Current tax | | 546.39 | *8,215.25* |
| Deferred tax | | 617.95 | *6.99* |
| **Total tax expense** | | **1,164.34** | ***8,222.24*** |
| **Profit for the year** | | **1,791.56** | ***15,379.68*** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit obligations | | 5.97 | *3.42* |
| Changes in fair value of equity instruments at FVOCI | | (34,622.60) | *5,062.20* |
| Income tax relating to these items | | (0.91) | *16.72* |
| **Items that will be reclassified to profit or loss** | | | |
| Effective portion of gain / (losses) on cash flow hedge | | 247.94 | *(408.52)* |
| Income tax relating to these items | | (86.64) | *142.75* |
| **Other comprehensive income for the year, net of tax attributable to the owners of the Company** | | **(34,456.24)** | ***4,816.57*** |
| **Total comprehensive income for the year, net of tax attributable to the owners of the Company** | | **(32,664.68)** | ***20,196.25*** |
| **Earnings per equity share** | | | |
| Basic and diluted earnings per share | 40 | 31.17 | *267.61* |
| Basis of Preparation and Significant accounting policies | 2 | | |

The above Consolidated statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# Consolidated Statement of changes in equity for the year ended March 31, 2020

## A. Equity share capital (Refer note 18)

| | ₹ in lakhs |
|---|---|
| **As at April 1, 2018** | **574.70** |
| Changes in equity share capital | - |
| **As at March 31, 2019** | **574.70** |
| Changes in equity share capital | - |
| **As at March 31, 2020** | **574.70** |

## B. Other equity

| | Notes | Attributable to owners of the Group | | | | | | ₹ in lakhs |
|---|---|---|---|---|---|---|---|---|
| | | Reserves and surplus | | | | Other reserves | | Total other equity |
| | | General reserve | Capital Redemption Reserve | Special Under section 45IC of RBI Act, 1934 | Retained earnings | FVOCI - Equity instruments | Cash flow hedging reserves | |
| **Balance at April 1, 2018** | | ***3,367.30*** | ***0.02*** | ***144.30*** | ***29,240.02*** | ***68,359.35*** | **-** | ***101,110.99*** |
| Profit for the year | | - | - | - | *15,379.68* | - | - | *15,379.68* |
| Other comprehensive income for the year | | - | - | - | *2.23* | 5,080.11 | (265.77) | *4,816.57* |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | ***15,381.91*** | ***5,080.11*** | ***(265.77)*** | ***20,196.25*** |
| Transfer from retained earnings | | *4.99* | - | *9.99* | *(14.98)* | **-** | **-** | - |
| **Transactions with owners in their capacity as owners:** | | | | | | | | |
| Dividend paid | 38b | - | - | - | *(3,735.55)* | - | - | *(3,735.55)* |
| Dividend distribution tax | 38b | - | - | - | *(767.86)* | - | - | *(767.86)* |
| **Balance at March 31, 2019** | 19 | ***3,372.29*** | ***0.02*** | ***154.29*** | ***40,103.54*** | ***73,439.46*** | ***(265.77)*** | ***116,803.83*** |
| **Balance at April 1, 2019** | 19 | ***3,372.29*** | ***0.02*** | ***154.29*** | ***40,103.54*** | ***73,439.46*** | ***(265.77)*** | ***116,803.83*** |
| Profit for the year | | - | - | - | *1,791.56* | - | - | *1,791.56* |
| Other comprehensive income for the year | | - | - | - | *3.89* | *(34,621.43)* | *161.30* | *(34,456.24)* |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | ***1,795.45*** | ***(34,621.43)*** | ***161.30*** | ***(32,664.68)*** |
| Transfer from retained earnings | | *19.98* | - | *39.96* | *(59.94)* | - | - | - |
| **Transactions with owners in their capacity as owners:** | | - | - | - | - | - | - | - |
| Dividend paid | 38b | - | - | - | *(3,735.55)* | - | - | *(3,735.55)* |
| Dividend distribution tax | 38b | - | - | - | *(768.03)* | - | - | *(768.03)* |
| **Balance at March 31, 2020** | 19 | **3,392.27** | **0.02** | **194.25** | **37,335.47** | **38,818.03** | **(104.47)** | **79,635.57** |

The above Consolidated Statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

ASHA RAMANATHAN
Partner
Membership No. 202660

Mumbai, July 14, 2020

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# Consolidated Statement of Cash Flow for the year ended March 31, 2020

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| | | ₹ in lakhs |
| **Cash flow from operating activities** | | |
| Profit before income tax | 2,955.90 | 23,601.92 |
| **Adjustments for:** | | |
| Depreciation and amortisation expenses | 1,122.83 | 923.15 |
| Loss on disposal of property, plant and equipment | 0.03 | 51.29 |
| Gain on cancellation of lease contract | (0.18) | - |
| Finance costs | 273.68 | 73.09 |
| Interest income classified as investing cash flows | (1,653.62) | (1,628.28) |
| Dividend income classified as investing cash flows | (51.22) | (96.57) |
| Fair value gain on investments (including gain on sale of investments) measured at FVTPL | (24.28) | (163.05) |
| Net exchange differences (gain)/ loss | 8.95 | (9.03) |
| Loss allowance | 30.15 | - |
| **Operating profit before working capital changes** | **2,662.24** | **22,752.52** |
| **Change in operating assets and liabilities** | | |
| (Increase) / decrease in trade receivables | (195.65) | 2,265.66 |
| (Increase) / decrease in inventories | 740.41 | (1,707.93) |
| Decrease in non-current financial asset | 18.95 | - |
| (Increase) / decrease in current financial asset | 10.80 | (20.53) |
| (Increase) / decrease in other non-current assets | (0.24) | 298.30 |
| Decrease in other financial assets | - | 0.02 |
| (Increase) / decrease in other current assets | 407.08 | (579.74) |
| (Increase) in assets held for sale | (378.46) | - |
| Increase / (decrease) in trade payable | (547.91) | 380.52 |
| Increase / (decrease) in provision | 49.29 | (64.87) |
| (Decrease) in other current financial liabilities | (131.14) | (35.44) |
| (Decrease) in other liabilities | (11.36) | (576.18) |
| Increase in contract liabilities | 31.05 | 15.86 |
| **Cash generated from operations** | **2,655.06** | **22,728.19** |
| Income taxes paid (net) | (1,044.17) | (7,924.01) |
| **Net cash inflow by operating activities** | **1,610.89** | **14,804.18** |
| **Cash flows from investing activities** | | |
| Payments for purchase of investments | (26,668.63) | (31,144.85) |
| Proceeds from sale of investments | 17,877.49 | 37,484.90 |
| Interest received | 1,517.07 | 1,581.35 |
| Dividends received | 51.22 | 96.57 |
| Payments for property, plant and equipment (including capital work-in-progress and advances) | (9,749.93) | (7,808.49) |
| Payment for software development cost | (104.96) | - |
| Proceeds from sale of property, plant and equipment | 0.08 | - |
| Intercorporate deposits given to a related party | (650.00) | (350.00) |
| Receipt of intercorporate deposits given to related parties | 3,500.00 | 3,000.00 |
| Intercorporate deposits given to other companies | (26,500.00) | (20,000.00) |
| Receipt of intercorporate deposits given to other companies | 36,500.00 | - |
| Movement in bank balances which are not considered as cash and cash equivalents | 347.27 | (371.90) |
| **Net cash outflow from investing activities** | **(3,880.39)** | **(17,512.42)** |
| **Cash flows from financing activities** | | |
| Proceeds from / (repayment of) short term borrowings | (532.07) | 1,000.00 |
| Principal elements of lease payments | (11.58) | - |
| Proceeds from long term borrowings | 7,785.38 | 7,029.00 |
| Dividends paid to company shareholders (including DDT) | (4,492.73) | (4,489.63) |
| Interest paid | (1,336.36) | (73.09) |
| **Net cash inflow from financing activities** | **1,412.64** | **3,466.28** |
| **Net increase / (decrease) in cash and cash equivalents** | **(856.86)** | **758.04** |
| Cash and cash equivalents at the beginning of the year | 1,078.99 | 320.95 |
| **Cash and cash equivalents at the end of the year** | **222.13** | **1,078.99** |
| **Non-Cash Investing activity** | | |
| Acquisition of right of use (ROU) assets | 23.05 | |

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

ASHA RAMANATHAN
Partner
Membership No. 202660

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

Mumbai, July 14, 2020

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# Notes to the consolidated financial statements for the year ended March 31, 2020

**1) General information:**

National Peroxide Limited ("NPL", "Company") and its subsidiary company comprise the Group. National Peroxide Limited is a public limited Company established in 1954 and is listed on BSE Limited, Mumbai. NPL a pioneer in India for peroxygen chemicals is the largest manufacturer of Hydrogen Peroxide in India, with an installed capacity of 150 KTPA on 50% w/w. basis. Company's registered office is situated at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

**2) Significant accounting policies and critical estimates and judgments:**

**2.1 Basis of preparation, measurement and significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of National Peroxide Limited (the Company) and its subsidiary.

**(a) Basis of preparation**

**(i) Compliance with Ind AS**

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**(ii) Historical cost convention**

The financial statements have been prepared on historical cost basis, except for the following:

- Certain financial assets and financial liabilities are measured at fair value (including derivative instruments);
- Defined benefit plans – plan assets are measured at fair value;
- Assets held for sale – measured at fair value less cost to sell.

**(iii) New and amended standards adopted by the group**

The Group has applied following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS - 116 Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 23, Borrowing Cost

  Amendments listed above except for Ind AS 116, leases did not have any material impact on the current period and are not expected to significantly impact the future period. Impact due to adoption of Ind AS 16 has been disclosed in Note f

**(iv) Current vis-à-vis non-current classification**

The assets and liabilities reported in the balance sheet are classified on a "current / non-current basis".

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

Deferred tax assets and liabilities, and all assets and liabilities which are not current are classified as non-current assets and liabilities.

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

**(b) Principles of consolidation**

**(i)** Subsidiary is the entity over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

**(ii)** The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

**(iii)** The financial statements of the subsidiary used in consolidation is drawn up to the same reporting date as that of the parent company i.e. year ended March 31, 2020.

**(iv)** Following Subsidiary has been considered in the preparation of consolidated financial statements:

| Name of the Company | Country of Incorporation | % of Holding and voting power either directly or indirectly through subsidiary as at 31.03.2020 and 31.03.2019 |
|---|---|---|
| Naperol Investments Limited | India | 100% |

**(c) Segment reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The Chief Executive Officer and Director of National Peroxide Limited has been identified as CODM and he is responsible for allocating resources, assess the financial performance of the group and make strategic decisions.

The group has identified one reportable segment 'manufacturing of peroxygens' based on information reviewed by the CODM.

**(d) Foreign currency translation:**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Indian Rupees' (INR), which is the group's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on nonmonetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

**(e) Revenue recognition and other income recognition:**

**Revenue from sale of goods**

Revenue is generated primarily from sale of peroxygens. Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the group expects to receive from customers that is net of trade discounts, rebates and state value added tax, service tax and goods and service tax (GST).

A contract liability is the obligation to transfer goods to the customer for which the group has received consideration from the customer. Contract liabilities are recognised as revenue when the group performs under the contract.

**Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividends**

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

**(f) Income tax:**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**(g) Leases:**

Effective from 1st April 2019, the Group has adopted Ind AS 116 “Leases” and accordingly accounted for leases as below

As a lessee

From 1st April 2019, leases are recognized as a right-of-use asset and corresponding liability at the date which the lease asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on relative stand-alone prices.

Assets and liabilities arising from lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- Amounts expected to be payable by the Group under residual value guarantees

- Exercise price of the purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each peiod.

Variable lease payments that depend on any key variable/condition are recognized in profit or loss in the period in which the condition that triggers those payment occurs. . The Group is exposed to potential future increases in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on index or rate or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement of date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and lease term on a straight line basis. If the Group exercises the purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases

The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has accounted for Leases upto March 31, 2019 as below

As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(h) Impairment of non-financial assets:**

Assets are tested for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(i) Cash and Cash Equivalents:**

Cash and cash equivalents includes cash on hand, cheques on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance sheet.

**(j) Trade Receivables:**

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

**(k) Inventories:**

Inventories are valued at lower of cost and net realisable value. In the case of raw materials, packing materials and stores and spares parts, cost is determined in accordance with the moving weighted average principle. Costs include the purchase price, non – refundable taxes and delivery and handling costs. Cost of finished goods includes all costs of purchases, direct materials, direct labour and appropriate proportion of variable and fixed overheads expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**(l) Non current assets held for sale**

Non- current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non -current asset is recognized at the date of de-recognition.

Non-Current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

**(m) Investments and other financial assets:**

**(i) Classification**

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

**(ii) Measurement**

At initial recognition, the group measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit or Loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the Consolidated Statement of Profit and Loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in Consolidated Statement of Profit and Loss.

- **Fair value through profit or loss**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**Equity instruments**

The group subsequently measures all equity investments at fair value. The group's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in the Consolidated Statement of Profit and Loss as other income when the group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the Consolidated Statement of Profit and Loss. Impairment losses (and reversal of impairment losses), if any on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii) Derivatives and hedging activity**

The group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks such as cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The group designates derivatives as either (i) hedges of the fair value of recognised assets or liabilities (fair value changes) or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges). The group has designated the cross-currency interest rate swap as a cash flow hedge for changes in both interest rate and foreign exchange rates.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**(a) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is reclassified immediately in profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

**(b) Fair value hedges that qualify for hedge accounting**

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

**(c) Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**(d) Derivatives that are not designated as hedges.**

The Group enters into certain derivative contracts to hedge risk which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

**(iv) Impairment of financial assets**

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109- 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(v) Derecognition of financial assets**

A financial asset is derecognised only when:

- The group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(n) Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**(o) Property, plant and equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

**Transition to Ind AS:**

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation is calculated using Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management which is in line with those specified by Schedule II to the Companies Act, 2013.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

**(p) Intangible assets**

Intangible assets being computer software, are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Cost of software is amortised over a period of 3 years being the estimated useful life

**(q) Trade and other payables:**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months of reporting period. Trade and other payables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

**(r) Borrowings:**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains / (losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(s) Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**(t) Provisions and Contingent Liabilities:**

**Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

**(u) Employee benefits:**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Post employee obligations**

The group operates the following post-employment schemes:

- defined benefit plans such as gratuity, pension and provident fund contributions made to a trust in case of certain employees

- defined contribution plans such as provident fund and superannuation fund.

**Pension and gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Provident fund contributions made to a trust administered by the Group**

In respect of certain employees, provident fund contributions are made to a trust administered by the group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the group. The liability in respect of the shortfall of the interest earnings of the fund is determined on the basis of actuarial valuation.

**Defined contribution plans**

The group pays provident fund contributions to publicly administered provident funds as per local regulations and superannuation contributions to superannuation fund. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due

**(iii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit or Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(v) Contributed equity:**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

**(w) Earnings per share:**

**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group

- by the weighted average number of equity shares outstanding during the financial year.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(x) Rounding of Amounts:**

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**2.2 Critical accounting estimates and judgements:**

The preparation of consolidated financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items, which are more likely to be materially adjusted due to estimates and assumptions turning out to be different from those originally assessed.

- **Estimation of useful life**

  Useful lives of property, plant and equipment are based on the management’s estimation. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013.

  The useful lives of group's assets are determined by management at the time the asset is acquired/capitalized and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

- **Estimation of defined benefit obligation**

  The present value of obligations under defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations, attrition rate and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, these obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 43 for the details of the assumptions used in estimating the defined benefit obligation.

- **Impairment of trade receivables**

  The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

- **Fair value measurements and valuation processes**

  Some of the assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.

  In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, fair value are determined on the basis of third party valuations. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. Refer note 36.

- **Inventory obsolescence**

  The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

## Notes to the consolidated financial statements for the year ended March 31, 2020

### Note 3 : Property, plant and equipment

₹ in lakhs

| | Freehold land | Freehold Building | Plant and equipment | Furniture and fixtures | Office equipment | Vehicles | ROU - Vehicle | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2019** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| Balance at April 1, 2018 | 5.89 | 337.53 | 18,302.52 | 52.63 | 44.52 | 29.61 | - | 18,772.70 | 563.98 |
| Additions | - | - | 46.27 | 2.75 | 13.60 | 8.85 | - | 71.47 | 7,488.82 |
| Disposals | - | - | (56.59) | - | - | - | - | (56.59) | - |
| Transfer | - | - | 512.41 | - | - | - | - | 512.41 | (512.41) |
| **Balance as at March 31, 2019** | **5.89** | **337.53** | **18,804.61** | **55.38** | **58.12** | **38.46** | **-** | **19,299.99** | **7,540.39** |
| **Accumulated depreciation** | | | | | | | | | |
| Balance at April 1, 2018 | - | 80.08 | 1,703.49 | 12.29 | 11.22 | 0.37 | - | 1,807.45 | - |
| Depreciation charge during the year | - | 38.88 | 862.95 | 5.62 | 10.02 | 5.68 | - | 923.15 | - |
| On disposal | - | - | (5.30) | - | - | - | - | (5.30) | - |
| **Balance as at March 31, 2019** | **-** | **118.96** | **2,561.14** | **17.91** | **21.24** | **6.05** | **-** | **2,725.30** | **-** |
| **Net carrying amount** | **5.89** | **218.57** | **16,243.47** | **37.47** | **36.88** | **32.41** | **-** | **16,574.69** | **7,540.39** |
| **Year ended March 31, 2020** | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | |
| Balance as at April 1, 2019 | 5.89 | 337.53 | 18,804.61 | 55.38 | 58.12 | 38.46 | - | 19,299.99 | 7,540.39 |
| Transition impact on account of Ind AS 116 (Refer note 39) | - | - | - | - | - | - | 23.05 | 23.05 | - |
| Additions | - | - | 15.19 | 76.90 | 23.28 | - | - | 115.37 | 14,382.75 |
| Disposals | - | - | - | - | (0.15) | - | (0.76) | (0.91) | - |
| Transfer | - | 663.40 | 20,880.71 | 0.57 | - | - | - | 21,544.68 | (21,544.68) |
| Less: Transfer to Asset held for sale | - | - | - | - | - | - | - | - | (378.46) |
| **Balance as at March 31, 2020** | **5.89** | **1,000.93** | **39,700.51** | **132.85** | **81.25** | **38.46** | **22.29** | **40,982.18** | **-** |
| **Accumulated depreciation** | | | | | | | | | |
| Balance as at April 1, 2019 | - | 118.96 | 2,561.14 | 17.91 | 21.24 | 6.05 | - | 2,725.30 | - |
| Depreciation charge during the year | - | 42.36 | 1,020.15 | 9.09 | 13.58 | 6.68 | 11.03 | 1,102.89 | - |
| On disposal | - | - | - | - | (0.04) | - | - | (0.04) | - |
| **Balance as at March 31, 2020** | **-** | **161.32** | **3,581.29** | **27.00** | **34.78** | **12.73** | **11.03** | **3,828.15** | **-** |
| **Net carrying amount** | **5.89** | **839.61** | **36,119.22** | **105.85** | **46.47** | **25.73** | **11.26** | **37,154.03** | **-** |

i) Refer note 42(b)(i) for disclosure of contractual commitments.

ii) In the previous year capital work in progress includes cost incurred towards expansion of existing plant of 95 KTPA to 150KTPA located at group's property in Mohone, Kalyan.

iii) Additions to Capital work in progress during the year includes ₹ 1086.88 lakhs (March 31, 2019 ₹ 43.93 lakhs) borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS) 23 on "costs".

iv) For details of Property, plant and equipment which are pledged as security for borrowings - Refer Note 20 Non - Current financial liabilities - Borrowings and Note 25 Other current financial liabilities.

v) Plant and equipment includes computers gross block ₹ 126.62 lakhs (March 31, 2019 ₹ 116.40 lakhs), accumulated depreciation ₹ 60.18 lakhs (March 31, 2019 ₹ 35.32 lakhs) and written down value ₹ 66.44 lakhs (March 31, 2019 ₹ 81.08 lakhs).

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 4 : Intangible Assets**

₹ in lakhs

| Description of Assets | Computers Software | Total |
|---|---|---|
| **Year ended March 31, 2019** | | |
| **Gross carrying amount** | | |
| Balance as at April 1, 2018 | - | - |
| Additions | - | - |
| **Balance as at March 31, 2019** | - | - |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2018 | - | - |
| Amortisation charge for the year | - | - |
| **Balance as at March 31, 2019** | - | - |
| **Net carrying amount** | - | - |
| **Year ended March 31, 2020** | | |
| **Gross carrying amount** | | |
| Balance as at April 1, 2019 | - | - |
| Additions | 104.96 | ***104.96*** |
| **Balance as at March 31, 2020** | 104.96 | ***104.96*** |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2019 | - | - |
| Amortisation charge for the year | 19.94 | ***19.94*** |
| **Balance as at March 31, 2020** | 19.94 | ***19.94*** |
| **Net carrying amount** | **85.02** | ***85.02*** |

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 5 : Non-current financial assets - Investments** | | |
| **Investments in equity instruments (fully paid up)** | | |
| **(Quoted Investments) - FVOCI** | | |
| 1,895,900 (March 31, 2019: 1,895,900) equity shares of The Bombay Dyeing & Manufacturing Company Limited of ₹ 2 each | 868.32 | *2,558.52* |
| 65,85,117 (March 31, 2019: 5,460,600) equity shares of The Bombay Burmah Trading Corporation Limited of ₹ 2 each | 48,235.98 | *70,949.57* |
| 600 (March 31, 2019: 600) equity shares of Housing Development Finance Corporation Limited of ₹ 2 each | 9.80 | *11.81* |
| 5,000 (March 31, 2019: 2,500) equity shares of HDFC Bank Limited of ₹ 1 each (March 31, 2019 ₹ 2 each). (Refer Note a) | 43.10 | *57.97* |
| 18 (March 31, 2019: 18) equity share of Larsen Toubro Limited of ₹ 2 each | 0.15 | *0.25* |
| 3,000 (March 31, 2019: 3,000) equity share of Technojet Consultants Limited of ₹ 10 each | 1.60 | *1.60* |
| 60 (March 31, 2019: 60) equity share of ABB Limited of ₹ 2 each | 0.56 | *0.79* |
| 56 (March 31, 2019: 56) equity share of Tata Chemicals Limited of ₹ 10 each | 0.13 | *0.33* |
| 50 (March 31, 2019: 50) equity share of Finolex Cables Limited of ₹ 2 each | 0.10 | *0.24* |
| 300 (March 31, 2019: 300) equity share of ACC Limited of ₹ 10 each | 2.91 | *5.00* |
| 132 (March 31, 2019: 132) equity share of Colgate Palmolive India Limited of ₹ 1 each | 1.65 | *1.66* |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| | | ₹ in lakhs |
|---|---|---|
| | **As at March 31, 2020** | ***As at March 31, 2019*** |
| 233 (March 31, 2019: 233) equity share of Jaykay Enterprises Limited of ₹ 1 each | 0.01 | *0.01* |
| 46 (March 31, 2019: 46) equity share of J.K.Cement Limited of ₹ 10 each | 0.43 | *0.40* |
| 7 (March 31, 2019: 7) equity share of ORG Informatics Limited of ₹ 10 each * | - | - |
| 5,131 (March 31, 2019:5,131) equity shares of ICICI Bank limited of ₹ 2 each | 16.60 | *20.55* |
| 12 (March 31, 2019: 12) equity share of GE Power India Limited of ₹ 10 each | 0.05 | *0.10* |
| 1 (March 31, 2019: 1) equity share of UltraTech Cement Limited of ₹ 10 each | 0.03 | *0.04* |
| **(Unquoted Investments) - FVOCI** | | |
| 1,000 (March 31, 2019: 1,000) equity share of B. R. T. Limited of ₹ 100 each | 15.60 | *15.04* |
| 393 (March 31, 2019: 393) units of 0% Unsecured Fully Convertible Debentures of Nowrosjee Wadia and Sons Limited, of ₹ 100 each | 42.84 | *42.84* |
| **Investments in mutual funds (Unquoted Investments - FVTPL)** | | |
| NIL (March 31, 2019: 71,667.61) units of Kotak Bond Scheme Plan - A Growth | - | *36.42* |
| NIL (March 31, 2019: 903,524.21) units of DHFL Pramerica Short Maturity Fund _Growth | - | *302.99* |
| NIL (March 31, 2019: 507,378.49) units of Kotak Income Opp. Fund Direct Plan-Growth | - | *109.28* |
| NIL (March 31, 2019: 369,245.38) units of ICICI Equity Arbitrage Fund | - | *53.33* |
| NIL (March 31, 2019: 9420.93) units of SBI Premier Liquid Fund Direct Plan DDR | - | *94.52* |
| **Total** | **49,239.86** | ***74,263.26*** |
| Aggregate amount of quoted investments | 49,181.42 | *73,608.84* |
| Aggregate market value of quoted investments | 49,181.42 | *73,608.84* |
| Aggregate amount of unquoted investments | 58.44 | *654.42* |
| Aggregate amount of impairment in the value of investments | | |

Note a - The Group held 2,500 fully paid- up Equity Shares of ₹ 2/- of HDFC Ltd. The said 2,500 Equity Shares were sub-divided from ₹ 2/- each to 5,000 Equity Shares of ₹ 1/- each on September 19, 2019.

*Represents amount of shares which is below the rounding off norms adopted by the Group, hence shown as Nil in the above note.

### Note 6 : Non-current financial assets - Loans

| | | |
|---|---|---|
| (Unsecured, considered good) | | |
| Security deposits | 21.40 | *40.35* |
| **Total** | **21.40** | ***40.35*** |

### Note 7 : Income tax expense

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are as under:

| | | | ***₹ in lakhs*** |
|---|---|---|---|
| **(a)** | **Income tax recognised in statement of profit and loss** | | |
| | **Income tax expense** | **Year ended March 31, 2020** | ***Year ended March 31, 2019*** |
| (i) | Current tax expense | 522.44 | *8,214.62* |
| | Adjustments for current tax of prior perods | 23.95 | *0.63* |
| | **Total current tax expense** | **546.39** | ***8,215.25*** |
| **(ii)** | **Deferred tax expense** | | |
| | (increase) in deferred tax assets | (649.36) | *(10.37)* |
| | Increase in deferred tax liabilities | 1,267.31 | *17.36* |
| | **Total deferred tax expense** | **617.95** | ***6.99*** |
| | **Total Income tax expense** | **1,164.34** | ***8,222.24*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

*₹ in lakhs*

| | | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|---|
| **(b)** | **Income tax recognised in other comprehensive income** | | |
| | **Income tax expense** | | |
| (i) | Current tax benefit (expense)/benefit | | |
| | Remeasurement of defined benefit obligation | (11.32) | *(5.38)* |
| | **Total current tax benefit** | **(11.32)** | ***(5.38)*** |
| (ii) | Deferred tax (expense)/benefit | | |
| | Remeasurement of defined benefit obligation | 9.24 | *4.19* |
| | Financial asset measured at FVOCI | (85.47) | *160.66* |
| | **Total deferred tax (expense)/benefit** | **(76.23)** | ***164.85*** |
| | **Total Income tax (expense) / benefit** | **(87.55)** | ***159.47*** |
| **(c)** | **Reconciliation of effective tax rate:** | | |
| | Profit before tax | 2,955.90 | *23,601.93* |
| | Tax at the Indian applicable tax rate | 860.76 | *8,240.74* |
| | Tax effect of amounts which are not deductible / (taxable) in calculating taxable income: | | |
| | Expenses that are not deductible in determining taxable profit | 115.45 | *48.97* |
| | Income exempt from income tax | (28.41) | *(40.30)* |
| | Change in income tax rates | 191.49 | *(3.94)* |
| | Adjustments for current tax of prior perods | 23.95 | *0.63* |
| | Others | 1.10 | *(23.86)* |
| | **Income tax expense** | **1,164.34** | ***8,222.24*** |

| | | As at March 31, 2019 | *As at March 31, 2018* |
|---|---|---|---|
| **(d)** | **Tax assets** | | |
| | **Particulars** | | |
| | Opening balance | (355.25) | *(58.63)* |
| | Add: Taxes paid | 1,044.17 | *7,924.01* |
| | Less: Current tax payable for the year | 557.71 | *8,220.63* |
| | **Closing balance** | **131.21** | ***(355.25)*** |
| | **Current tax assets** | **313.03** | ***320.66*** |
| | **Current tax liabilities** | **(181.82)** | ***(675.91)*** |
| **(e)** | **Movement in deferred tax liabilities** | | |
| | Deferred tax liabilities | 4,813.85 | *3,547.71* |
| | Less: deferred tax assets | 880.96 | *309.00* |
| | **Deferred tax liability (net)** | **3,932.89** | ***3,238.71*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Movement of deferred tax balances** ₹ *in lakhs*

| **March 31, 2020** | **Net balance March 31, 2019** | **Recognised in profit and loss** | **Recognised in OCI** | **Net deferred tax liabilities** |
|---|---|---|---|---|
| Property, plant and equipment | 3,526.28 | 1,283.14 | - | 4,809.42 |
| Financial asset measured at FVTPL | 15.83 | (15.83) | - | - |
| Financial asset measured at FVOCI | 5.60 | - | (1.17) | 4.43 |
| **Total deferred tax liabilities** | **3,547.71** | **1,267.31** | **(1.17)** | **4,813.85** |
| Provision for post retirement benefits and other employee benefits | 130.47 | - | 9.24 | 139.71 |
| Loss allowance | 13.33 | 9.68 | - | 23.01 |
| Provision for sales tax | 22.45 | - | - | 22.45 |
| Loss on cash flow hedging reserve | 142.75 | - | (86.64) | 56.11 |
| Business loss | - | 122.22 | - | 122.22 |
| MAT Credit | - | 517.46 | - | 517.46 |
| **Total deferred tax assets** | **309.00** | **649.36** | **(77.40)** | **880.96** |
| **Deferred tax liability (net)** | **3,238.71** | **617.95** | **76.23** | **3,932.89** |

Deferred tax asset of ₹ 228.19 lakhs (Previous Year: Nil) on unused tax losses of ₹ 1,958.67 lakhs (Previous Year: Nil) in relation to fair valuation of equity shares has not been created as currently, the group is uncertain to generate sufficient taxable capital gain in forseeable future.

| **March 31, 2019** | **As at April 1, 2018** | **Recognised in profit and loss** | **Recognised in OCI** | **Net deferred tax liabilities** |
|---|---|---|---|---|
| Property, plant and equipment | 3,463.85 | 62.43 | - | 3,526.28 |
| Financial asset measured at FVTPL | 60.90 | (45.07) | - | 15.83 |
| Financial asset measured at FVOCI | 23.51 | - | (17.91) | 5.60 |
| **Total deferred tax liabilities** | **3,548.26** | **17.36** | **(17.91)** | **3,547.71** |
| Provision for post retirement benefits and other employee benefits | 138.36 | (12.08) | 4.19 | 130.47 |
| Loss allowance | 13.33 | - | - | 13.33 |
| Provision for sales tax | - | 22.45 | - | 22.45 |
| Loss on cash flow hedging reserve | - | - | 142.75 | 142.75 |
| **Total deferred tax assets** | **151.69** | **10.37** | **146.94** | **309.00** |
| **Net deferred tax liability (net)** | **3,396.57** | **6.99** | **(164.85)** | **3,238.71** |

**(f) Unrecognised temporary differences**

Temporary differences relating to investments in subsidiary for which tax liablities have not been recognised Undistributed earnings

The Subsidiary of the Group has undistributed earnings of ₹ 537.79 lakhs (March 31, 2019: ₹ 522.81 lakhs) which, if paid out as dividends, would be subject to tax in the hand of recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as parent entity is able to control the timing of distribution from the subsidiary. The subsidiary is not expected to distribute this profit in the forseeable future.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 8 : Other non-current assets** | | |
| (Unsecured, considered good) | | |
| Balances with government authorities * | 410.21 | *445.49* |
| Prepayments | 36.39 | *0.87* |
| Capital advances | - | *1,774.01* |
| Less: Provision for sales tax* | (64.25) | *(64.25)* |
| **Total** | **382.35** | **2,156.12** |

* During the previous year, the group had provided ₹ 64.25 lakhs towards sales tax matters based on estimation for probable liabilities arising out of pending disputes / liabilities with indirect tax authorities.

| | | |
|---|---|---|
| **Note 9 : Inventories** | | |
| Raw materials and packing materials | 1,083.65 | *231.50* |
| Finished goods | 577.22 | *2,221.75* |
| Stores and spares* | 779.35 | *727.38* |
| **Total** | **2,440.22** | **3,180.63** |

*Write-down of inventories to net realisable value amounted to ₹ 28.89 lakhs (March 31, 2019 ₹ Nil). These were recognised as an expense during the year and included in 'Other expenses - Consumption of stores and spares' in Statement of Profit and Loss.

| | | |
|---|---|---|
| **Note 10 : Current financial assets - Investments** | | |
| **Investments in Mutual Funds (Unquoted Investments-FVTPL)** | | |
| NIL (March 31, 2019 : 323,096.15) units of Canara Robeco Savings Fund - Regular Daily Dividend of ₹ 10 each | - | *33.15* |
| NIL (March 31, 2019 : 39,954.95) units of SBI Liquid Fund - Direct Daily Dividend of ₹ 10 each | - | *400.84* |
| NIL (March 31, 2019 : 10,828.87) units of SBI Liquid Fund - Direct Growth of ₹ 10 each | - | *317.13* |
| NIL (March 31, 2019 : 321,748.54) units of Kotak Saving Fund - Direct Plan - Daily Dividend of ₹ 10 each | - | *32.68* |
| **Total** | **-** | **783.80** |
| Aggregate amount of quoted investments | - | - |
| Aggregate market value of quoted investments | - | - |
| Aggregate amount of unquoted investments | - | *783.80* |
| Aggregate amount of impairment in the value of investments | - | - |

| | | |
|---|---|---|
| **Note 11 : Trade receivables** | | |
| Trade receivables from contract with customers | | |
| Unsecured, considered good | 3,293.18 | *3,097.53* |
| Less:Loss allowance | (68.30) | *(38.15)* |
| **Total** | **3,224.88** | ***3,059.38*** |

| | | |
|---|---|---|
| **Note 12 : Cash and cash equivalents** | | |
| Cash on hand | 1.45 | *1.12* |
| Cheques on hand | 148.00 | - |
| Balances with banks in current account | 22.45 | *27.87* |
| Term deposit with original maturity period of less than three months | 50.23 | *1,050.00* |
| **Total** | **222.13** | ***1,078.99*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 13 : Bank balances other than cash and cash equivalents** | | |
| Margin money deposit against letter of credit | - | *358.12* |
| Unclaimed dividend accounts | 73.86 | *63.01* |
| **Total** | **73.86** | ***421.13*** |
| **Note 14 : Current financial assets - Loans** | | |
| (Unsecured, considered good) | | |
| Security deposits | 34.07 | *44.87* |
| Intercorporate deposits to related parties (Refer note below and note 44) | 1,000.00 | *3,850.00* |
| Intercorporate deposits to other companies (Refer note below) | 10,000.00 | *20,000.00* |
| **Total** | **11,034.07** | ***23,894.87*** |

The Group has, during the year, given Intercorporate Deposits (ICDs) to certain parties covered under section 189 of the Companies Act, 2013, viz. Bombay Dyeing and Manufacturing Company Limited ₹ 16,500 lakhs (Previous Year ₹ 10,000 lakhs) and Go Airlines (India) Limited ₹ 10,000 lakhs (Previous Year ₹ 10,000 lakhs ). These ICDs are for general business purpose and carry an interest rate of 10% p.a (Previous Year 10% p.a.) and have tenure for less than a year.

During the year, the Intercorporate Deposits (ICDs) have been repaid, viz. Macrofil Investments Co. Ltd ₹ 3,000 lakhs (Previous Year ₹ Nil), Nowrosjee Wadia and Sons Limited ₹ Nil (Previous Year ₹ 3,000 lakhs), Bombay Dyeing and Manufacturing Company Limited ₹ 16,500 lakhs (Previous Year ₹ 10,000 lakhs) and Go Airlines (India) Limited ₹ 20,000 lakhs (Previous Year ₹ Nil).

| | | |
|---|---|---|
| **Note 15 : Other financial assets** | | |
| (Unsecured, considered good) | | |
| Derivatives designated as hedges | | |
| Cross currency interest rate swap (CCIRS) | 675.54 | - |
| Others | | |
| Interest accrued on deposits | 222.73 | *88.54* |
| **Total** | **898.27** | ***88.54*** |
| **Note 16 : Other current assets** | | |
| (Unsecured, considered good) | | |
| Advance to gratuity fund | 18.21 | *61.87* |
| Advances for expenses | 18.77 | *15.67* |
| Balances with government authorities | 200.67 | *321.26* |
| Prepayments | 39.15 | *241.05* |
| Advances to suppliers | 67.48 | *136.65* |
| **Total** | **344.28** | ***776.50*** |
| **Note 17 : Asset held for sale** | | |
| Capital work in progress | 378.46 | - |
| **Total** | **378.46** | **-** |

As at March 31, 2020, there are items (Pipes, Pipe fittings, Valves, Cables and other spares) in Capital Work in Progress (CWIP) which were no longer required and classified as 'Asset held for sale'. The Group has decided to sell these items and has already started the process of identifying active buyers for these items and sale is expected to be completed within a period of twelve months.

**Non-recurring fair value measurements:**

CWIP classified as held for sale during the reporting period was measured at the lower of its carrying amount fair value less costs at the time of reclassification, resulting in a recognition of a write down of ₹ 27.85 lakhs in the statement of profit and loss. The fair value of the asset was determined on the basis of the best management estimate.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 18 : Equity share capital**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| | | ₹ in lakhs |
| **Authorised** | | |
| 25,000,000 (March 31, 2019: 25,000,000) Equity shares of ₹ 10 each | 2500.00 | *2500.00* |
| **Issued, subscribed and fully paid** | | |
| 5,747,000 (March 31, 2019: 5,747,000) Equity shares of ₹ 10 each | 574.70 | *574.70* |
| **Total** | **574.70** | ***574.70*** |

| **Reconciliation of the number of shares** | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | ***Number of shares*** | ***Amount*** |
| Balance at the beginning of the year | 5,747,000 | 574.70 | *5,747,000* | *574.70* |
| Issued during the year | - | - | - | - |
| Balance at the end of the year | 5,747,000 | 574.70 | *5,747,000* | *574.70* |

**Rights, preferences and restrictions attached to equity shares**

The Group has one class of equity share having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation of the Group, the equity shareholders are eligible to receive the remaining assets of the Group, after distribution of all preferential amounts, in proportion to their shareholdings.

**Details of shares held by the holding company, ultimate holding company and subsidiary of holding company:**

| **Name of shareholder** | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|
| | **Number of shares** | **%** | ***Number of shares*** | ***%*** |
| Ben Nevis Investments Limited, British Virgin Island, ultimate holding company | 51,500 | 0.90 | *51,500* | *0.90* |
| Nowrosjee Wadia and Sons Limited, holding company | 1,769,125 | 30.78 | *1,769,125* | *30.78* |
| Macrofil Investments Limited, subsidiary of holding company | 1,918,109 | 33.38 | *1,918,109* | *33.38* |

**Details of shareholders holding more than 5% shares in the Company:**

| **Name of shareholder** | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|
| | **Number of shares** | **%** | ***Number of shares*** | ***%*** |
| Nowrosjee Wadia and Sons Limited | 1,769,125 | 30.78 | *1,769,125* | *30.78* |
| Macrofil Investments Limited | 1,918,109 | 33.38 | *1,918,109* | *33.38* |

**Note 19 : Other equity**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| | | ₹ in lakhs |
| General reserve | 3,392.27 | *3,372.29* |
| Capital redemption reserve | 0.02 | *0.02* |
| Special Under section 45IC of RBI Act, 1934 | 194.25 | *154.29* |
| Retained earnings | 37,335.47 | *40,103.54* |
| FVOCI - Equity instruments | 38,818.03 | *73,439.46* |
| FVOCI - Cash flow hedging reserves | (104.47) | *(265.77)* |
| **Total** | **79,635.57** | ***116,803.83*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Nature and purpose of reserves**

**General reserve**

The Group has transferred a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**Capital redemption reserve**

As per the provisions of Companies Act, Capital redemption reserve is created out of the general reserve for the amount of share capital reduction/ buyback in earlier years.

**Special reserve under section 45IC of RBI Act, 1934**

Under section 45 (IC) of Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum based on the provisions of the said Act.

**Retained earnings**

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Further, it also includes the impact of remeasurements of the defined benefit obligations, net of tax.

**FVOCI - Equity instruments**

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**FVOCI - Cash flow hedging reserves**

Cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that qualify as cash flow hedges. Amount are subsequently reclassified to profit and loss as appropriate.

**₹ in lakhs**

| **Note 20 : Non-current financial liabilities - Borrowings** | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| **Secured** | | |
| Term loan from Bank | | |
| Foreign Currency Loan (USD) | 15,681.55 | *6,988.02* |
| **Total** | **15,681.55** | ***6,988.02*** |
| Less: Current maturities of long term debt (Refer note 25) | (15,670.83) | - |
| Less: Interest accrued (Refer note 25) | (10.72) | *(19.21)* |
| **Non-Current borrowings** | **-** | ***6,968.81*** |

**Terms of Foreign Currency Loan**

The loan is repayable in 16 equal quarterly installments of USD $ 1,312,500 beginning from June 6, 2020 and the last quarterly installment being payable on February 27, 2024. This loan has a variable interest rate of 3 months USD-LIBOR-BBA plus 1.25% per annum payable on quarterly basis. Further, the loan has a Put and Call Option at the end of second year from the date of drawdown (i.e. March 6, 2019) and annually therafter.

**Nature of security**

Secured by a first specific charge on entire movable fixed assets including plant and machinery of the Group located in Kalyan, Maharashtra.

| **Net debt reconciliation** | | |
|---|---|---|
| Cash and cash equivalent | 222.13 | *1,078.99* |
| Non-current borrowings (including current maturities of long term borrowings and interest accrued on borrowings) | (15,681.55) | *(6,988.02)* |
| Current borrowings | (467.93) | *(1,000.00)* |
| Lease liabilities | (12.12) | - |
| **Total** | **(15,939.47)** | ***(6,909.03)*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Cash and cash equivalent | Non-current borrowings | Current borrowings | Lease liabilities | Net debt |
|---|---|---|---|---|---|
| **Net debt as at April 1, 2018** | 320.95 | - | - | - | **320.95** |
| Cash flow | 758.04 | (7,029.00) | (1,000.00) | - | **(7,270.96)** |
| Interest expenses | - | (20.10) | (16.25) | - | **(36.35)** |
| Interest paid | - | - | 16.25 | - | **16.25** |
| Exchange gain / (loss) | - | 61.08 | - | - | **61.08** |
| **Net debt as at March 31, 2019** | **1,078.99** | **(6,988.02)** | **(1,000.00)** | **-** | **(6,909.03)** |
| **Net debt as at April 1, 2019** | **1,078.99** | **(6,988.02)** | **(1,000.00)** | **-** | **(6,909.03)** |
| Transition to Ind AS 116 | **-** | **-** | **-** | (23.05) | **(23.05)** |
| Cash flow | (856.86) | (7,785.38) | 532.07 | 12.52 | **(8,097.65)** |
| Interest expenses | - | (1,306.00) | (22.09) | (1.59) | **(1,329.68)** |
| Interest paid | - | 1,314.27 | 22.09 | - | **1,336.36** |
| Exchange gain / (loss) | - | (916.43) | - | - | **(916.43)** |
| **Net debt as at March 31, 2020** | **222.13** | **(15,681.55)** | **(467.93)** | **(12.12)** | **(15,939.47)** |

₹ in lakhs

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Note 21 : Non-current financial liabilities - Other financial liabilities** | | |
| Derivative liabilities designated as hedge | | |
| Cross currency interest rate swap (CCIRS) | - | *493.35* |
| Others | | |
| Amount payable towards lease liabilities (Refer note 39) | 3.79 | - |
| **Total** | **3.79** | ***493.35*** |
| **Note 22 : Non-current - Provisions** | | |
| For employee benefits (Refer note 43) | | |
| Leave encashment and compensated absence | 184.86 | *176.87* |
| Provident Fund | 19.75 | - |
| Pension | 75.66 | *69.24* |
| **Total** | **280.27** | ***246.11*** |
| **Note 23 : Current financial liabilities - Borrowings** | | |
| Secured | | |
| Term loan repayable on demand from Bank (Refer Note a) | - | *1,000.00* |
| Bank Overdraft (Refer Note b) | 467.93 | - |
| **Total** | **467.93** | ***1,000.00*** |

**(a) Terms of repayment**

Repayable on demand. The interest rate is 9.5% p.a.

**Nature of security**

i) Primary Security:

First pari passu charge by way of hypothecation over the Group's entire stocks of inventory and receivables along with other working capital banks under consortium.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

ii) Collateral Security:

Second pari passu charge on the entire fixed assets of the Group including 68.08 acres industrial land located at NRC Road, P.O. Atali, via Mohone, Kalyan, Dist. Thane.

**(b) Terms of repayment**

Secured Overdraft facility from bank of ₹ 467.93 Lakhs (March 31, 2019 ₹ Nil). This facility carried an interest rate of MCLR plus margin. During the year, the interest rate ranges from 10.85% - 10.90% (March 31, 2019 Nil).

**Nature of security**

(i) First pari passu charge on current assets, both present and future

(ii) Second pari passu charge on entire movable fixed assets including plant and machinery of the Group located in Kalyan, Maharashtra.

₹ in lakhs

| Note 24 : Trade payables | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Dues to micro and small enterprises | 15.98 | *4.30* |
| Dues to others | 1,851.53 | *2,394.28* |
| **Total** | **1,867.51** | ***2,398.58*** |

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Group and relied upon by the auditors. The principal amounts / interest payable amounts for delayed payments to such vendors as at Balance Sheet date during the current year and previous year mentioned below.

| | | |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at the year end | 17.35 | *4.30* |
| Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end | - | - |
| Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 107.13 | *171.86* |
| Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, , beyond the appointed day during the year | - | - |
| Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under MSMED Act for payments already made | 1.74 | *2.55* |
| Amount of interest accrued and remaining unpaid for the year | 1.74 | *2.55* |
| The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

| **Note 25 : Other current financial liabilities** | | |
|---|---|---|
| Current maturities of long term borrowings | 15,670.83 | - |
| Book Overdraft | - | *148.09* |
| Interest accrued but not due on borrowings | 10.72 | *19.21* |
| Deposit received from customers | 2.80 | *2.80* |
| Capital creditors* | 2,371.76 | *862.92* |
| Payable to employees | 404.69 | *387.74* |
| Unpaid dividend | 73.86 | *63.01* |
| Current maturities of lease liabilities (Refer note 39) | 8.33 | - |
| **Total** | **18,542.99** | ***1,483.77*** |

* including dues to micro and small enterprises for ₹ 1.37 lakhs (March 31, 2019 - ₹ Nil) [Refer note above].

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| **Note 26 : Other current liabilities** | | |
| Statutory dues (including provident fund, tax deducted at source and others) | 110.14 | *121.50* |
| **Total** | **110.14** | ***121.50*** |
| **Note 27 : Current - Provisions** | | |
| For employee benefits (Refer note 43) | | |
| Gratuity | 50.33 | *30.93* |
| Leave encashment and compensated absence | 105.15 | *118.55* |
| Provident fund | 3.25 | - |
| Pension | 8.61 | *8.70* |
| **Total** | **167.34** | ***158.18*** |

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 28 : Revenue from operations** | | |
| **Revenue from contracts with customers** | | |
| Manufactured goods | 18,957.51 | *40,134.65* |
| Traded goods | 100.03 | - |
| **Revenue from investing operations** | | |
| Dividend Income from investment measured at FVTPL | 55.42 | *52.47* |
| Fair value gain on investments (including gain on sale of investments) measured at FVTPL | 2.72 | *25.27* |
| **Other operating revenues** | | |
| Scrap sales | 7.33 | *15.57* |
| **Total** | **19,123.01** | ***40,227.96*** |
| **Note 29 : Other income** | | |
| Interest income on financial assets at amortised cost | | |
| On inter-corporate deposits | 1,612.64 | *1,589.27* |
| On fixed deposits | 9.19 | *9.13* |
| Other interest income | 31.79 | *29.88* |
| Dividend income from equity investments designated at FVOCI (Refer below) | 35.49 | *27.84* |
| Dividend income from other investments measured at FVTPL | 15.73 | *68.73* |
| Fair value gain on investments (including gain on sale of investments) measured at FVTPL | 21.56 | *137.78* |
| Net foreign exchange gain | 27.27 | *32.96* |
| Other miscellaneous income | 41.43 | *15.26* |
| **Total** | **1,795.10** | ***1,910.85*** |

All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period. There was no dividend income relating to investments derecognised during the reporting period.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 30 : Cost of raw materials and packing materials consumed** | | |
| Opening balance of raw materials and packing materials | 231.50 | *400.07* |
| Add: Purchases made during the year | 7,339.89 | *10,322.06* |
| Less: Closing balance of raw materials and packing materials | (1,083.65) | *(231.50)* |
| **Total** | **6,487.74** | ***10,490.63*** |
| **Note 31 : Changes in inventories of finished goods** | | |
| Opening balance | 2,221.75 | *399.37* |
| Closing balance | (577.22) | *(2,221.75)* |
| **Total** | **1,644.53** | ***(1,822.38)*** |
| **Note 32 : Employee benefit expenses** | | |
| Salaries, wages and bonus | 2,138.31 | *1,895.05* |
| Contribution to provident fund and other funds (Refer note 43) | 148.86 | *145.52* |
| Provident fund benefits (Refer note 43) | 5.83 | *7.22* |
| Gratuity (Refer note 43) | 51.80 | *46.33* |
| Pension benefits (Refer note 43) | 11.57 | *9.67* |
| Workmen and staff welfare expenses | 277.12 | *256.85* |
| **Total** | **2,633.49** | ***2,360.64*** |
| **Note 33 : Finance costs** | | |
| Interest and Finance charges on lease liabilities and financial liabilities not at fair value through Profit and Loss Account | 593.52 | *36.35* |
| Fair value changes on cross currency interest rate swap designated as cash flow hedges - transferred from OCI | 728.63 | *23.83* |
| Other interest expense | 38.41 | *56.84* |
| | **1,360.56** | ***117.02*** |
| Less: Interest capitalised (See note below) | (1,086.88) | *(43.93)* |
| **Total** | **273.68** | ***73.09*** |

Note : The capitalisation rate used to determine the amount of borrowing cost to be capitalised is the weighted average interest rate applicable to the entity during the year in this case 8.55 % (Previous Year 8.55%)

| | | |
|---|---|---|
| **Note 34 : Depreciation and amortisation expenses** | | |
| Depreciation of property, plant and equipment | 1,091.86 | *923.15* |
| Depreciation of right-of-use assets | 11.03 | - |
| Amortisation of intangible assets | 19.94 | - |
| | **1,122.83** | ***923.15*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Note 35 : Other expenses** | | |
| Consumption of stores and spares | 362.65 | *213.60* |
| Repairs and maintenance | | |
| Plant and machinery | 753.74 | *580.54* |
| Buildings | 2.45 | *2.23* |
| Rental Charges | 23.67 | *46.25* |
| Rates and taxes | 58.95 | *38.15* |
| Legal and professional fees | 370.85 | *329.42* |
| Insurance | 212.54 | *56.21* |
| Payment to auditors | | |
| Statutory audit fees | 21.00 | *16.00* |
| Others | 13.50 | *9.00* |
| Reimbursement of out of pocket expenses | 1.38 | *1.59* |
| Loss allowance | 30.15 | - |
| Corporate social responsibility expenditure (Refer below) | 306.00 | *170.00* |
| Commission to non executive Directors (Refer Note below) | (72.65) | *175.00* |
| Directors sitting fees | 43.50 | *22.00* |
| Freight | 359.16 | *555.44* |
| Miscellaneous expenses | 618.32 | *1018.77* |
| **Total** | **3,105.21** | ***3,234.20*** |

Note : During the year, the Group has paid commission of ₹ 129.25 lakhs to non-executive directors against the provision of ₹ 234 lakhs in the previous year and the balance amount of ₹ 104.75 lakhs is written back.

| | | |
|---|---|---|
| **Expenditure on corporate social responsibility:** | | |
| (i) Contribution to Sir Ness Wadia Foundation | 119.25 | *25.50* |
| (ii) Contribution to Nowrosjee Wadia Maternity Hospital | 69.00 | *144.50* |
| (iii) Contribution to Bai Jerbai Wadia Hospital for Children | 117.75 | - |
| **Total** | **306.00** | ***170.00*** |
| Amount required to be spent as per section 135 of the Act | 305.85 | *167.93* |
| Amount spent during the year on: | | |
| i) Construction/Acquisition of an asset | - | *144.50* |
| ii) On purposes other than (i) above | 306.00 | *25.50* |
| **Total** | **306.00** | ***170.00*** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 36: Fair value measurements**

**(a) Financial instruments by category**

**₹ in lakhs**

| **Particulars** | **As at March 31, 2020** | | | ***As at March 31, 2019*** | | |
|---|---|---|---|---|---|---|
| | **FVTPL** | **FVOCI** | **Amortised cost** | ***FVTPL*** | ***FVOCI*** | ***Amortised cost*** |
| **Financial assets** | | | | | | |
| Investment | | | | | | |
| -Equity instruments# | - | 49,197.02 | - | - | *73,623.88* | - |
| -Mutual funds | - | - | - | *1,380.34* | - | - |
| Convertible Instrument | - | 42.84 | - | | *42.84* | - |
| Trade receivables | - | - | 3,224.88 | - | - | *3,059.38* |
| Cash and cash equivalents | - | - | 222.13 | - | - | *1,078.99* |
| Bank balances other than cash and cash equivalents | - | - | 73.86 | - | - | *421.13* |
| Security deposits | - | - | 55.47 | - | - | *85.22* |
| Inter corporate deposits## | - | - | 11,222.73 | - | - | *23,938.54* |
| Derivative designated as hedge - CCIRS | - | 675.54 | - | - | - | - |
| **Total financial assets** | **-** | **49,915.40** | **14,799.07** | ***1,380.34*** | ***73,666.72*** | ***28,583.26*** |
| **Financial liabilities** | | | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest) | - | - | 16,149.48 | - | - | *7,988.02* |
| Trade payable | - | - | 1,867.51 | - | - | *2,398.58* |
| Other financial liabilities | - | - | 2,865.23 | - | - | *1,464.56* |
| Derivative designated as hedge - CCIRS | - | - | - | - | *493.35* | - |
| **Total financial liabilities** | **-** | **-** | **20,882.22** | ***-*** | ***493.35*** | ***11,851.16*** |

\# These are investment in equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

\## Inter corporate deposits include interest accrued till the year end, whereas the same has been classified under other financial assets in the financial statements.

**(b) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investment in equity instruments (at FVOCI) | 49,181.42 | - | 15.60 | **49,197.02** |
| Investments in convertible instruments (at FVOCI) | - | - | 42.84 | **42.84** |
| Derivative designated as hedge - CCIRS | - | 675.54 | - | **675.54** |
| **Total financial assets** | **49,181.42** | **675.54** | **58.44** | **49,915.40** |
| **Financial liabilities** | **-** | **-** | **-** | **-** |
| **Total financial liabilities** | **-** | **-** | **-** | **-** |

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Security deposits | **-** | **-** | 21.40 | **21.40** |
| **Total financial assets** | **-** | **-** | **21.40** | **21.40** |
| **Financial liabilities** | | | | |
| Amount payable towards lease liabilities | **-** | - | 3.79 | **3.79** |
| **Total financial liabilities** | **-** | **-** | **3.79** | **3.79** |

| Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investment in equity instruments (at FVOCI) | 73,608.84 | - | 15.04 | **73,623.88** |
| Investment in mutual funds (at FVTPL) | 1,380.34 | - | - | **1,380.34** |
| Investments in convertible instruments (at FVOCI) | - | - | 42.84 | **42.84** |
| **Total financial assets** | **74,989.18** | **-** | **57.88** | **75,047.06** |
| **Financial liabilities** | | | | |
| Derivative designated as hedge - CCIRS | - | 493.35 | - | **493.35** |
| **Total financial liabilities** | **-** | **493.35** | **-** | **493.35** |

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Security deposits | **-** | **-** | 40.35 | **40.35** |
| **Total financial assets** | **-** | **-** | **40.35** | **40.35** |
| **Financial liabilities** | **-** | **-** | **-** | **-** |
| Borrowings | **-** | **-** | 6,968.81 | **6,968.81** |
| **Total financial liabilities** | **-** | **-** | **6,968.81** | **6,968.81** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note:**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between any levels during the year.

The Group does not have significant financial instrument at level 3 with unobservable input and hence no sensitivity analysis performed

**(c) Valuation techniques used to determine fair value**

Fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting date. The mutual funds are valued using the closing net asset value.

The fair value of cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves and forward exchange rates as at the balance sheet date

The fair values for security deposits are calculated based on cash flows discounted using a current lending rate.

The fair values of non-current borrowings are based on discounted cash flows using a credit adjusted borrowing rate as at the reporting date.

**(d) Fair value of financial assets and liabilities measured at amortised cost** **₹ in lakhs**

| | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | ***Carrying amount*** | ***Fair value*** |
| **Financial assets** | | | | |
| Security deposits | 21.40 | 21.40 | *40.35* | *40.35* |
| **Total financial assets** | **21.40** | **21.40** | ***40.35*** | ***40.35*** |
| **Financial Liabilities** | | | | |
| Borrowings | - | - | *6,968.81* | *6,968.81* |
| Amount payable towards lease liabilities | 3.79 | 3.79 | - | - |
| **Total financial liabilities** | **3.79** | **3.79** | ***6,968.81*** | ***6,968.81*** |

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, inter corporate deposits including accrued interest, other financial assets, current financial liabilities- borrowings including accrued interest, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short term nature.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 37: Financial risk management**

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swap are entered to hedge certain foreign currency risk exposures and interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Ageing analysis | Credit limits, timely review, diversification of deposits |
| Liquidity Risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Recognised financial liabilities not denominated in Indian rupee (INR) | Sensitivity analysis | Foreign currency borrowing - hedged - CCIRS<br>Others - limited exposure, unhedged |
| Market risk- interest risk | Borrowing at variable rates | Sensitivity analysis | Cross currency interest rate swaps |
| Market risk- price risk | Investment in equity instruments | Sensitivity analysis | Strategic investment, diversification of portfolio |

The Group has adopted a Risk Management Policy wherein all material risks faced by the Group are identified and assessed. The Risk Management framework defines the risk management approach of the Group and includes collective identification of risks impacting the Group's business and documents their process of identification, mitigation and optimization of such risks.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising interest expense at a fixed interest rate for the hedged loans and foreign currency borrowing at the fixed foreign currency rate.

Covid 19 pandemic - Commencing from the second half of March 2020, Covid 19 pandemic had an impact on the Indian and International business environment. Assessment of impact of Covid 19 pandemic on various elements of the risk management framework has been dealt with in note 46 Impact of Covid -19 Pandemic.

**(a) Credit risk**

The Group is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Group. Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost as well as credit exposures to trade customers including outstanding receivables.

**Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's credit risk arises from accounts receivable balances. The Group has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk assessment and credit line allocation process. Procedures are standardized within a customer credit risk policy and supported by the information technology system by limiting the credit exposure to each customer and allowing an average credit period of 30-60 days. The Group has adopted a policy of only dealing with creditworthy counterparties. Intercorporate deposits given are for not more than 12 months. The Group periodically assess the recoverability of intercorporate deposits.

The group provides for life time allowance on trade receivable using simplified approach and on a case to case basis on specified customers. Specific debtors represents debtors facing bankruptcy cases, operation shutdown and other scenerio as determined by the management. Such debtors are categorised as specific debtors upon intimation/news. Such specific debtors has no nexus with the macro economy factor. The Group recognises expected credit loss on specified receivables as determined by the management.

# Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| | ₹ in lakhs |
|---|---|
| **Reconciliation of loss allowance on trade receivables** | **Amount** |
| **Loss allowance on April 1, 2018** | **38.15** |
| Changes in loss allowance | - |
| **Loss allowance on March 31, 2019** | **38.15** |
| Changes in loss allowance | 30.15 |
| **Loss allowance on March 31, 2020** | **68.30** |

For banks and financial institutions, only highly rated banks / institutions are accepted. Generally all policies surrounding credit risk have been managed at Group level.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will fail in meeting its obligations to pay its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. In respect of its operations, the Group funds its activities primarily through cash generated in operations and working capital borrowings.

Management monitors the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. Cash which is not needed in the operating activities of the Group is invested in marketable liquid funds.

Based on recent trends observed, profitability, cash generation, cash surpluses held by the group and borrowing lines available, the group does not envisage any material liquidity risks. Future outlook will depend on how the pandemic develops and the resultant impact on businesses. Refer note 46 Impact of Covid -19 Pandemic.

**(i) Maturities of financial liabilities**

The amounts disclosed below are the non derivative contractual undiscounted cash flows of financial liabilities and net settled derivative financial instruments undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For cross currency interest rate swap, the cash flows have been estimated using forward interest rates and forward exchange rates as at the end of the reporting period.

| March 31, 2020 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest)# | 16,702.61 | - | - | **16,702.61** |
| Trade payables | 1,867.51 | - | - | **1,867.51** |
| Other financial liabilities | 2,853.11 | - | - | **2,853.11** |
| Amount payable towards lease liabilities (Refer note 39) | 8.33 | 3.79 | - | **12.12** |
| **Total non derivative financial liabilities** | **21,431.56** | **3.79** | - | **21,435.35** |

# The foreign currency borrowing has a maturity period of 5 years. The loan has a Put and Call Option at the end of second year from the date of drawdown (i.e. March 6, 2019) and annually therafter. The group has accordingly classified its borrowings of US $21 millions as current maturities of long term borrowing.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| March 31, 2019 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | |
| Borrowings (includes current maturities of borrowings and accrued interest) | 1,266.81 | 8,407.75 | - | **9,674.56** |
| Trade payables | 2,398.58 | - | - | **2,398.58** |
| Other financial liabilities | 1,464.56 | - | - | **1,464.56** |
| **Total non derivative financial liabilities** | **5,129.95** | **8,407.75** | - | **13,537.70** |
| **Derivative (net settled)** | | | | |
| Cross currency interest rates swap | 339.61 | (56.01) | | **283.60** |
| **Total derivative liabilities** | **339.61** | **(56.01)** | - | **283.60** |

**(ii) Undrawn borrowing facilities**

₹ in lakhs

The Group has following undrawn facilities:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Floating rate - foreign currency term loan | - | 7,692.30 |
| Fixed rate - term loan | - | 2,771.05 |
| Bank Overdraft | 317.73 | - |

### (c) Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of volatility of prices in the financial markets. Market risk can be further segregated as: a) Foreign currency risk, b) Interest rates risk and c) Other price risk.

Impact of Covid 19 pandemic- The pandemic can cause continuing volatility in the currency market and this risk would be mitigated through effective hedging policies. Further, the group basis the recent trends believe that the probability of the non-occurrence of forecasted transactions is minimal. The group also does not expect any material deterioration in both counterparty credit risk and own credit risk. Accordingly, the group continues to believe that there is no impact on effectiveness of its hedges. Refer note 46 Impact of Covid -19 Pandemic.

### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arise from recognized assets and liabilities, when they are denominated in a currency other than functional currency of the Group. The Group imports certain raw materials and spare parts used in manufacturing and therefore is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US-dollar ("USD"). Group's exposure to foreign currency risk due to operation is very limited and it always ensures that the such exposure is within the approved limit for which Group does not require to hedge through derivatives. However, for foreign currency variable interest rate denominated borrowings the companies risk management policy is to hedge 100% of the exposure using cross currency interest rate swaps. Under the Group's policy, the critical term of the cross currency interest rate swaps must align the hedged item.

The Group's unhedged foreign currency exposure at the end of the reporting period expressed in Rupees, are as follows:

₹ in lakhs

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Financial liabilities** | | |
| Payable (Capital creditors) - (USD 0.24 lakhs; as at March 31, 2019 USD 4.13 lakhs) | 16.62 | 288.46 |
| **Net exposure to foreign currency risk (liabilities)** | **16.62** | 288.46 |

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from unhedged foreign currency denominated financial instruments.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**₹ in lakhs**

| | Impact on profit before tax | |
|---|---|---|
| | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| FX rate – increase by 5% on closing rate on reporting date* | (0.83) | *(14.42)* |
| FX rate– decrease by 5% on closing rate on reporting date * | 0.83 | *14.42* |

* Holding all other variables constant

The above amounts have been disclosed based on the accounting policy for exchange differences.

**(ii) Interest rate risks**

The Group's interest risk arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk . The Group's policy is to maintain most of its borrowing at fixed rates using floating to fixed interest rate swaps. The Group enters into long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. As at March 31, 2020, the Group's borrowing at variable rate was denominated in USD.

**(a) Interest rate risk exposures**

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

**₹ in lakhs**

| | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| Fixed rate borrowings (including accrued interest)# | 15,681.55 | *6,988.02* |
| Fixed rate borrowings | - | *1,000.00* |
| Floating rate borrowings | 467.93 | - |
| | **16,149.48** | ***7,988.02*** |

#This borrowing has been converted to fixed rate borrowings through cross currency interest swaps using floating to fixed interest rate swap.

**(b) Sensitivity**

The above floating rate borrowing represents an overdraft facility having an interest rate based on MCLR plus applicable margin. This borrowing was utilised toward the end of the year and accordingly the impact in finance cost is minimal. Accordingly, the sensitivity is having minimal impact.

**(iii) Foreign currency and interest rate risks**

The Group has taken cross currency interest rate swaps (CCIRS) for hedging its foreign currency and interest rate risks related to external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risk and does the mark to market value is determined for both the risks together. The details of derivative financial instruments at the end of the reporting period expressed in Rupees, are as follows:

| **Particulars** | **Currency** | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|---|
| **Derivative liability designated as hedge - net settled** | | **Amount in foreign Currency ( In lakhs)** | **Fair value (Gain) / Loss (₹ in lakhs)** | ***Amount in foreign Currency ( In lakhs)*** | ***Fair value (Gain) / Loss (₹ in lakhs)*** |
| Cross currency interest rate swap | USD | 210.00 | 675.54 | *100.00* | *493.35* |

**Sensitivity**

The sensitivity of other comprehensive income before tax due to foreign currency movement and interest rate movements is as below.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| | Year ended March 31, 2020 | | *Year ended March 31, 2019* | |
|---|---|---|---|---|
| FX rate - increase by 5% on closing rate of reporting date* | | 51.72 | | *556.91* |
| FX rate - decrease by 5% on closing rate of reporting date* | (51.72) | | *(556.91)* | |
| Interest rates - increase by 50 bps on closing rate on reporting date* | | 720.95 | | *134.69* |
| Interest rates - decrease by 50 bps on closing rate on reporting date* | (801.18) | | *(136.00)* | |

* Holding all other variable constant

**(iv) Other price risks**

The Group is exposed to equity price risks arising from equity investments. These investments are subject to changes in the market price of securities. Equity investments are held for strategic purpose rather than for trading purposes. The Group does not actively trade in these investments.

**Sensitivity**

If equity prices had been 10% higher / lower, other comprehensive income before tax for the year ended March 31, 2020 would increase / decrease by ₹ 1,763 lakhs (Year ended March 31, 2019: increase / decrease by ₹ 1,835 lakhs) as a result of the changes in fair value of shares measured at FVOCI.

**(a) Disclosure of effects of hedge accounting on financial position:**

**As at March 31, 2020**

| Type of hedge and risks | Nominal value | Carrying amount of hedging instrument | Maturity date | Hedge ratio* | Weighted average strike price/ rate | Changes in fair value of hedging instrument gain | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|
| **Derivative assets designated as cash flow hedge** | | | | | | | |
| Foreign exchange risk and interest rate risk | | | | | | | |
| Cross currency interest rate swap | 15,670.83 | 675.54 | June 6, 2020 to March 6, 2021 | 1:1 | $1= ₹ 70.54 8.55% | 675.54 | (675.54) |

**As at March 31, 2019**

| Type of hedge and risks | Nominal value | Carrying amount of hedging instrument | Maturity date | Hedge ratio* | Weighted average strike price/ rate | Changes in fair value of hedging instrument (loss) | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---|---|---|---|---|---|---|
| **Derivative liabilities designated as cash flow hedge** | | | | | | | |
| Foreign exchange risk and interest rate risk | | | | | | | |
| Cross currency interest rate swap | 7,054.00 | 493.35 | June 6, 2020 to March 6, 2021 | 1:1 | $1= ₹ 70.54 8.55% | (493.35) | 493.35 |

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Therefore, the hedge ratio is 1:1.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(b) Disclosure of effects of hedge accounting on financial performance**

₹ in lakhs

**As at March 31, 2020**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency interest rate swap | (1,168.89) | - | 920.95 | Finance cost of ₹ 22.75 lakhs and foreign exchange loss under other income of ₹ (943.70) lakhs |

**As at March 31, 2019**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash flow hedge** | | | | |
| Cross currency interest rate swap | (493.35) | - | 84.83 | Finance cost of ₹ 23.83 lakhs and foreign exchange gain under other income of ₹ 61.00 lakhs |

**Movements in cash flow hedging reserve**

| Risk category | | ₹ in lakhs |
|---|---|---|
| **Derivative instruments** | **Cross currency interest rate swap** | |
| Cash flow hedging reserve | **2019-20** | ***2018-19*** |
| **Opening Balance** | 265.77 | - |
| Add: Changes in fair value of CCIRS | (1,168.89) | *493.35* |
| Less: Amounts reclassified to profit or loss | 920.95 | *(84.83)* |
| Less: Deferred tax relating to above (net) | 86.64 | *(142.75)* |
| **Closing Balance** | **104.47** | ***265.77*** |

**Hedge ineffectiveness**

The Group's hedging policy only allows for effective hedge relationships to be established.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The Group enters into cross currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, repayment dates, maturities and notional amount as all critical terms matched during the year, the economic relationship was 100% effective. There was no ineffectiveness during the financial year ended March 31, 2020.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 38: Capital Management**

**(a) Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Gearing ratio is determined as net debt (total borrowings and lease liability net of cash and cash equivalents) divided by total 'equity'.

**₹ in lakhs**

| The gearing ratios were as follows: | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| Total debt | 16,161.60 | *7,988.02* |
| Less: Cash and cash equivalent | 222.13 | *1,076.68* |
| Net debt | 15,939.47 | *6,911.34* |
| Total equity | 80,210.27 | *117,378.53* |
| **Net debt to equity ratio** | **19.87%** | ***5.89%*** |

**Loan covenants**

The Company's ECB agreement is subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. During the current year, the Company undertook the expansion of its plant capacity from 95 KTPA to 150 KTPA, which required the plant to be shutdown for a period of 4 months. The company complied with all the covenants as per the borrowing agreement except two covenants stated below:

(i) the ratio of total borrowings to EBITDA at the end of each measurement period shall not be greater than 3 and;

(ii) the ratio of EBIT to total debt service at the end of each measurement period shall not be less than 1.25.

While the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of US $ 21 Million, the bank had not requested early repayment of the loan as of the date when these financial statements were approved.

**(b) Dividends**

**₹ in lakhs**

| | | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|---|
| (i) | Equity shares | 3,735.55 | *3,735.55* |
| | Final dividend for the year ended March 31, 2019 of ₹ 65 (March 31, 2018 - ₹ 65) per fully paid share | | |
| | Dividend Distribution Tax (DDT) on final dividend | 768.03 | *767.86* |
| (ii) | Dividends not recognised at the end of the reporting period | 718.38 | *3,735.55* |
| | For the year ended March 31, 2020, the directors have recommended a final dividend of ₹ 12.50 per fully paid equity share (March 31, 2019 - ₹ 65). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | | |
| | Dividend Distribution Tax (DDT) on Dividend | - | *768.03* |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 39: Leases**

**Operating lease arrangements**

The Group has entered into non-cancellable operating lease arrangements for certain motor vehicles for a period of four years. Total rental expenses relating to operating leases recognised in statement of profit and loss during the previous year is ₹ 46.25 lakhs.

| **Non-cancellable operating lease commitments** | **₹ in lakhs**<br>***As at March 31, 2019*** |
|---|---|
| Within one year | *11.85* |
| Later than one year and not later than 5 years | *13.63* |
| Later than 5 years | - |

**(a) Change in accounting policy**

**Impact on financial statements- lessee accounting**

The Group has applied Ind AS 116 with the date of initial application of April 1, 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group has applied Ind AS 116 using the modified prospective approach and consequently, comparatives for previous periods have not been prospectively adjusted. This has resulted in recognition of 'Right of use' asset (ROU) and an equivalent lease liability and there is no impact on the retained earnings as on April 1, 2019. On adoption of Ind AS 116, the lease liabilities are measured at present value of the lease payments and discounted using the lessee's incremental borrowing rate as on April 1, 2019.

**(i) Practical expedients applied**

1) Applied a single discount rate to a portfolio of leases with similar assets in similar characteristic
2) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4) Applied the practical expedient to grandfather the assessment of which was made under Ind AS 17. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
5) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.50%.

**(ii) Measurement of lease liability**

| | ***As at April 1, 2019*** |
|---|---|
| Lease commitments as at March 31, 2019 | *25.48* |
| (Less): Adjustment on account of present value of lease liability | *(2.43)* |
| **Lease liability as at April 1, 2019** | ***23.05*** |

**(iii) Measurement of ROU assets**

| | ***As at April 1, 2019*** |
|---|---|
| ROU assets as at March 31, 2019 | *25.48* |
| Less: Adjustment on account of present value of ROU assets | *(2.43)* |
| **ROU asset as at April 1, 2019** | ***23.05*** |

**(iv) Adjustments recognised in the balance sheet on April 1, 2019:**

The change in accounting policy affected the following items in balance sheet

The associated ROU assets for leased vehicles were measured at an equivalent amount of lease liability. The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows :

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| | ₹ in lakhs |
|---|---|
| | *As at April 1, 2019* |
| Increase in lease liability by | *(23.05)* |
| Increase in right of use asset by | *23.05* |
| Opening impact on retained earning as at April 1, 2019 | **-** |

**(b) As lessee**

**(i) Carrying value of right of use assets at the end of the reporting period by class**

| | **Vehicle** | **Total** |
|---|---|---|
| Balance as on April 1, 2019 | 23.05 | 23.05 |
| Additions | - | - |
| Disposals | (0.76) | (0.76) |
| Depreciation | (11.03) | (11.03) |
| **Balance as of March 31, 2020** | **11.26** | **11.26** |

**(ii) The following is the break-up of lease liability as at reporting date**

| | **As at March 31, 2020** | ***As at April 1, 2019*** |
|---|---|---|
| Current lease liability (Current maturities of lease liabilities) | 8.33 | *11.58* |
| Non-current lease liability (Non-current financial liabilities - Other financial liabilities) | 3.79 | *11.47* |
| **Balance as of March 31, 2020** | **12.12** | ***23.05*** |

**(iii) The following is the movement of lease liability during year ended March 31, 2020**

| | **For year ended March 31, 2020** |
|---|---|
| Balance as of April 01, 2019 | 23.05 |
| Additions | - |
| Deletions | (0.94) |
| Finance cost Incurred | 1.59 |
| Payment of lease liabilities | (11.58) |
| **Balance as of March 31, 2020** | **12.12** |

**(iv) The table below provides details regarding the contractual maturities of lease liabilities as at reporting date on an undiscounted basis:**

| | **As at March 31, 2020** | ***As at April 1, 2019*** |
|---|---|---|
| Less than one year | 8.33 | *11.85* |
| One to five years | 3.79 | *13.63* |
| More than five years | - | **-** |
| **Balance as of March 31, 2020** | **12.12** | ***25.48*** |

**(v) Amount recognized in statement of profit and loss**

| | | ₹ in lakhs |
|---|---|---|
| | **Notes** | **As at March 31, 2020** |
| Interest on lease liability (included in finance cost) | **Note 33** | 1.59 |
| Expense relating to short-term leases and low value assets | **Note 35** | 23.67 |
| Depreciation | **Note 34** | 11.03 |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

(vi) Total cash outflow for leases for the year ended March 31, 2020 was ₹ 11.58 lakhs

(vii) There are no variable lease payments included in the measurement of lease liability.

(viii) Extension and termination options: Extension and termination options are included in the lease contracts of the Group. These are used to maximise operational flexibility in terms of managing the assets of the Group. All the extension and termination options held are exercisable both by the Group and the respective lessor.

| **Note 40 : Earning per share** | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| **Basic and diluted earnings per share** | | |
| Profit for the year (₹ in lakhs) | 1,791.56 | *15,379.68* |
| Weighted average number of equity shares | 5,747,000 | *5,747,000* |
| Basic and diluted earnings per share (₹) | 31.17 | *267.61* |
| Face value per share (₹) | 10.00 | *10.00* |

**Note 41 : Segment reporting**

The CEO & Director reviews the Group’s performance. Presently, the Group is engaged in only one segment viz 'Manufacturing of peroxygens' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Group's operations are predominantly confined in India.

**Information about major customers**

Revenue for the year ended March 31, 2020 and March 31, 2019 were from customers located in India. Customers include private distribution entities. No single customer of the Group accounts for 10% or more of total revenue.

**₹ in lakhs**

| **Note 42 : Contingent liabilities and commitments** | **As at March 31, 2020** | ***As at March 31, 2019*** |
|---|---|---|
| **(a) Contingent Liabilities:** | | |
| **(i) Claims against the Group not acknowledged as debt:** | | |
| Sales tax demand | 38.90 | 38.90 |

(ii) Contingent liability relating to determination of provident fund liability, based on judgement from Hon’ble Supreme Court, is not determinable at present for the period prior to March 2019, due to uncertainty on the impact of the judgement in the absence of further clarification relating to applicability. The Group has paid Provident Fund to employees as applicable with effect from March 2019. The Group will continue to assess any further developments in this matter for their implications on financial statements, if any

**(b) Commitments:**

(i) Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for is Rs 10.63 lakhs (March 31, 2019 ₹ 8,698.15 lakhs).

(ii) Other commitment:

The Group has entered into a long term agreement with GAIL (India) Limited (GAIL) for purchase of Natural Gas. The agreement is valid till December 31, 2025. As per the said agreement, the Group under 'Take or Pay obligation' clause has to make payment for a fixed quantity of gas on an annual basis, whether used or not. GAIL has the discretion to waive off the Take or Pay charges. A request for supply of Make Up gas can be made by the Group corresponding to Take or Pay deficiencies which are outstanding and for which the Group would pay to GAIL at the time of annual program.

(iii) For lease commitment, refer note 39.

# Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 43 : Employee benefit obligations**

The Group has classified various employee benefits as under:

**(a) Leave Obligations**

The leave obligations cover the Group's liability for sick and privileged leave

₹ in lakhs

| Provision for leave encashment | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Current | 105.15 | *118.55* |
| Non-current | 184.86 | *176.87* |

**(b) Defined Contribution Plan**

(i) Provident fund

(ii) Superannuation fund

The Group has recognised the following amounts in the Statement of Profit and Loss for the year:

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| (i) Contribution to provident fund | 120.46 | *116.34* |
| (ii) Contribution to superannuation fund | 28.40 | *29.18* |

**(c) Post employment obligations**

**Gratuity**

The Group has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days basic salary for every completed years of services or part thereof in excess of six months, based on the rate of basic salary last drawn by the employee concerned.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of gratuity have been carried out by an independent actuary, as at the Balance Sheet date

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Discount rate (per annum) | 6.10% | *7.65%* |
| Salary escalation rate | | |
| -For management employees | 8.00% | *8.00%* |
| -For other employees | 8.00% | *8.00%* |
| Mortality rate | Indian Assured Lives Mortality (2012-14) Ult table | *Indian Assured Lives Mortality (2012-14) Ult table* |

The estimates of salary escalation rate considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(ii) Gratuity Plan**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

₹ in lakhs

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **As at April 1, 2019** | **1,185.89** | **(1,154.96)** | **30.93** |
| | | | - |
| Current service cost | 53.26 | - | 53.26 |
| Interest expense / (income) | 72.31 | (73.77) | (1.46) |
| **Total amount recognised in profit and loss** | **125.57** | **(73.77)** | **51.80** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (49.50) | (49.50) |
| (Gain) / loss from change in financial assumptions | 64.97 | - | 64.97 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | (47.87) | - | (47.87) |
| **Total amount recognised in other comprehensive income** | **17.10** | **(49.50)** | **(32.40)** |
| Employer contributions | - | - | - |
| Benefits payments | (48.43) | 48.43 | - |
| **As at March 31, 2020** | **1,280.13** | **(1,229.80)** | **50.33** |

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **As at April 1, 2018** | **1,131.76** | **(1,055.11)** | **76.65** |
| Current service cost | 40.85 | - | 40.85 |
| Interest expense / (income) | 70.08 | (64.60) | 5.48 |
| **Total amount recognised in profit and loss** | **110.93** | **(64.60)** | **46.33** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (26.63) | (26.63) |
| (Gain) / loss from change in financial assumptions | (31.01) | - | (31.01) |
| (Gain) / loss from change in demographic assumptions | 30.14 | - | 30.14 |
| Experience (gains) / losses | 12.10 | - | 12.10 |
| **Total amount recognised in other comprehensive income** | **11.23** | **(26.63)** | **(15.40)** |
| Employer contributions | - | (76.65) | (76.65) |
| Benefits payments | (68.03) | 68.03 | - |
| **As at March 31, 2019** | **1,185.89** | **(1,154.96)** | **30.93** |

The net liability disclosed above relates to funded plans are as follows:

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| | | **₹ in lakhs** |
| Present value of funded obligations | 1,280.13 | *1,185.89* |
| Fair value of plan assets | (1,229.80) | *(1,154.96)* |
| **Deficit of gratuity plan** | **50.33** | ***30.93*** |
| Current portion | 50.33 | *30.93* |
| Non-current portion | - | - |

**(iii) Sensitivity analysis**

Significant estimates: Sensitivity of actuarial assumptions

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

| | Change in assumption | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|---|
| | | | Increase in assumption | | Decrease in assumption | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Discount rate | 0.50% | 0.50% | -1.73% | -1.71% | 1.82% | 1.79% |
| Salary escalation rate | 0.50% | 0.50% | 1.76% | 1.77% | -1.70% | -1.70% |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(iv)** The above defined benefit gratuity plan was administrated 100% by a trust as at March 31, 2020 and March 31, 2019.

**(v)** Defined benefit liability and employer contributions

The Group will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration of the defined benefit obligation is 4.35 years (March 31, 2019 – 4.37 years).

**(vi) Risk exposure**

Aforesaid post-employment benefit plans typically expose the Group to acturial risks such as: Investment risk, interest rate risk, and salary risk.

**Investment risk:** The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in india, it has a relatively balanced mix of investments in govenment securities, and other debt instruments.

**Interest risk:** A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(vii) Category of plan asset**

₹ in lakhs

| | As at March 31, 2020 | | *As at March 31, 2019* | |
|---|---|---|---|---|
| | **Amount** | **in %** | ***Amount*** | ***in %*** |
| Government debt instruments | 325.08 | 26% | *325.96* | *27%* |
| Other debt instruments | 554.29 | 45% | *613.04* | *51%* |
| Insurer managed funds | - | 0% | *-* | *0%* |
| Others | 350.44 | 28% | *270.65* | *22%* |
| **Total** | **1,229.81** | **100%** | ***1,209.65*** | ***100%*** |

**(viii) Projected cash flow**

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Less than a year | 669.75 | *481.43* |
| Between 1-2 years | 29.48 | *246.66* |
| Between 2-5 years | 320.88 | *259.40* |
| Between 5-9 years | 343.18 | *374.12* |
| 10 years and above | 330.51 | *325.84* |

**Pension**

The Group operates a defined benefit pension plan. The pension benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Group. The Group does not contribute annually to any trust or a fund towards the liability under the plan, this plan is unfunded.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of pension have been carried out by an independent actuary, as at the Balance Sheet date

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Discount rate (per annum) | 6.10% | *7.65%* |
| Salary escalation rate | 8.00% | *8.00%* |
| Pension increase rate | 0.00% | *0.00%* |

**(ii) Pension Plan**

₹ in lakhs

| | Present value of obligation |
|---|---|
| **As at April 1, 2019** | **77.94** |
| Current service cost | 5.94 |
| Interest expense / (income) | 5.63 |
| **Total amount recognised in profit and loss** | **11.57** |
| Remeasurements | |
| (Gain) / loss from change in financial assumptions | 6.28 |
| (Gain) / loss from change in demographic assumptions | - |
| Experience (gains) / losses | (2.85) |
| **Total amount recognised in other comprehensive income** | **3.43** |
| Benefits payment | (8.67) |
| **As at March 31, 2020** | **84.27** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Present value of obligation |
|---|---|
| **As at April 1, 2018** | **66.37** |
| Current service cost | 5.00 |
| Interest expense / (income) | 4.67 |
| **Total amount recognised in profit and loss** | **9.67** |
| Remeasurements | |
| (Gain) / loss from change in financial assumptions | - |
| (Gain) / loss from change in demographic assumptions | 13.25 |
| Experience (gains) / losses | (1.27) |
| **Total amount recognised in other comprehensive income** | **11.98** |
| Benefits payment | (10.08) |
| **As at March 31, 2019** | **77.94** |

The net liability disclosed above relates to funded plans are as follows:

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Present value of funded obligations | 84.27 | *77.94* |
| **Deficit of pension plan** | **84.27** | ***77.94*** |
| Current portion | 8.61 | *8.70* |
| Non-current portion | 75.66 | *69.24* |

**(iii) Sensitivity analysis**

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is:

| | Change in assumptions | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|---|
| | | | Increase in assumptions | | Decrease in assumptions | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Discount rate | 0.50% | 0.50% | -2.61% | -2.50% | 2.75% | 2.63% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(vi) Risk exposure**

Aforesaid post-employment benefit plans typically expose the Group to acturial risks such as: Investment risk, interest rate risk, and salary risk.

**Investment risk:** The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in india, it has a relatively balanced mix of investments in govenment securities, and other debt instruments.

**Interest risk:** A fall in the discount rate which is linked to the G. Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(v) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 5.36 years (March 31, 2019 – 5.13 years).

**(vi) Projected cash flow**

| | ₹ in lakhs<br>As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Less than a year | 8.61 | *8.71* |
| Between 1-2 years | 10.39 | *8.50* |
| Between 2-5 years | 27.58 | *26.32* |
| Between 5-9 years | 36.41 | *35.76* |
| 10 years and above | 41.79 | *47.40* |

**Provident Fund**

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation.

Group measures its liability towards provident fund through actuarial valuation using 'projected credit unit method'. In case of net assets, assets are recognised to the extent of liability only.

**(i) Significant estimates: actuarial assumptions**

Valuations in respect of provident fund have been carried out by an independent actuary, as at the Balance Sheet date

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Discount rate (per annum) | 6.10% | *7.65%* |

**(ii) Provident fund plan**

| | Present value of obligation | Fair value of plan assets | ₹ in lakhs<br>Net amount |
|---|---|---|---|
| **As at April 1, 2018** | **583.63** | **(576.75)** | **6.88** |
| Current service cost | 7.22 | - | 7.22 |
| Interest expense / (income) | 44.34 | (44.34) | - |
| **Interest on net defined benefit liability / assets** | **51.56** | **(44.34)** | **7.22** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | 0.88 | 0.88 |
| (Gain) / loss from change in financial assumptions | (7.31) | - | -7.31 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | (0.45) | - | -0.45 |
| **Total amount recognised in other comprehensive income** | **(7.76)** | **0.88** | **(6.88)** |
| Employer's contributions | 7.82 | (7.22) | 0.60 |
| Employee's contributions | - | (7.82) | -7.82 |
| Benefits payment | (22.54) | 22.54 | - |
| **As at March 31, 2019** | **612.71** | **(612.71)** | **-** |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

₹ in lakhs

| | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **As at April 1, 2019** | **612.71** | **(612.71)** | **-** |
| Current service cost | 5.83 | - | 5.83 |
| Interest expense / (income) | 44.51 | (44.51) | - |
| **Interest on net defined benefit liability / assets** | **50.34** | **(44.51)** | **5.83** |
| Remeasurements | | | |
| Return on plan assets, excluding amount included in interest expense / (income) | - | (9.00) | (9.00) |
| (Gain) / loss from change in financial assumptions | 23.00 | - | 23.00 |
| (Gain) / loss from change in demographic assumptions | - | - | - |
| Experience (gains) / losses | 9.00 | - | 9.00 |
| **Total amount recognised in other comprehensive income** | **32.00** | **(9.00)** | **23.00** |
| Employer's contributions | - | (5.83) | (5.83) |
| Employee's contributions | 6.36 | (6.36) | - |
| Benefits payment | (73.37) | 73.37 | - |
| **As at March 31, 2020** | **628.04** | **(605.04)** | **23.00** |

The net liability disclosed above relates to funded plans are as follows:

₹ in lakhs

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| Present value of funded obligations | 628.04 | *612.71* |
| Fair value of plan assets | (605.04) | *(612.71)* |
| **Deficit of provident fund plan** | **23.00** | **-** |
| Current portion | 3.25 | - |
| Non-current portion | 19.75 | - |

**(iii) Sensitivity analysis**

The sensitivity of the provision for defined benefit obligation to changes in the weighted principal assumptions is

| | | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|---|
| | Change in assumptions | | Increase in assumptions | | Decrease in assumptions | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Discount rate | 0.50% | 0.50% | 2.27% | 2.11% | -1.83% | 0.00% |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. While calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**(iv)** The above defined benefit plan was administrated 100% by a trust as at March 31, 2020 and March 31, 2019

**(v) Defined benefit liability and employer contributions**

The Group will pay demand raised by the trust towards gratuity liability on time to time basis to eliminate the deficit in defined benefit plan.

The weighted average duration to payment is 9.53 years (March 31, 2019 – 8.85 years).

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(vi)** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit.

**(vii) Category of plan asset**

**₹ in lakhs**

| | **As at March 31, 2020** | | ***As at March 31, 2019*** | |
|---|---|---|---|---|
| | **Amount** | **in %** | ***Amount*** | ***in %*** |
| Government debt instruments | **145.64** | 24% | *205.59* | *34%* |
| Other debt instruments | **255.68** | 42% | *259.45* | *42%* |
| Entity's own equity instruments | **14.31** | 2% | *14.31* | *2%* |
| Others | **189.41** | 31% | *133.36* | *22%* |
| **Total** | **605.04** | **100%** | ***612.71*** | ***100%*** |

**Note 44 : Related party transactions**

As per Indian Accounting Standard 24 (Ind AS 24) 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Group's related parties and transactions are disclosed below:

**(A) Enterprises exercising control**

Ultimate holding entity - Ben Nevis Investments Limited (Refer note 18)

Parent entity - Nowrosjee Wadia and Sons Limited (Refer note 18)

**(B) Enterprises where control exists**

Subsidiary company - Naperol Investments Limited

**(C) Key management personnel**

Mr. Suresh Khurana, Chief Executive Officer and Director (upto June 4, 2020)

Mr. Rajiv Arora, Chief Executive Officer & Director (w.e.f. June 4, 2020 )

**Non-executive Directors**

Mr. Ness N. Wadia - Chairman

Dr. (Mrs.) Minnie Bodhanwala

**Independent Directors**

Mr. Rajesh. Batra

Mr. N. P. Ghanekar (Upto August 10, 2019)

Mr. S. Ragothaman

Mr. Viraf Mehta (w.e.f. July 4, 2019)

Mrs. Harshbeena Zaveri (w.e.f. March 31, 2020)

**(D) Enterprises controlled by the parent entity and with whom transactions were carried out during the year**

Wadia Techno - Engineering Services Limited

Macrofil Investments Limited (Refer Note 18)

The Bombay Burmah Trading Corporation Limited

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(E) Employee benefits plans and with whom transactions were carried out during the year**

National Peroxide Limited Employees' Provident Fund

National Peroxide Limited Employees' Gratuity Fund

**(F) Enterprises over which key managerial personnel have significant influence and with whom transactions were carried out during the year**

Sir Ness Wadia Foundation

Nowrosjee Wadia Maternity Hospital

Bai Jerbai Wadia Hospital for Children

**(G) Details of transactions during the year:**

₹ in lakhs

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| **Inter corporate deposit given** | | |
| Wadia Techno - Engineering Services Limited | 650.00 | *350.00* |
| **Repayment of Inter corporate deposit given** | | |
| Nowrosjee Wadia and Sons Limited | - | *3,000.00* |
| Wadia Techno-Engineering Services Limited | 500.00 | - |
| Macrofil Investments Limited | 3,000.00 | - |
| **Investments made** | | |
| The Bombay Burmah Trading Corporation Limited | 10,195.75 | - |
| **Interest income on intercorporate deposit** | | |
| Nowrosjee Wadia and Sons Limited | - | *189.86* |
| Wadia Techno-Engineering Services Limited | 94.81 | *60.40* |
| Macrofil Investments Limited | 123.77 | *300.00* |
| **Dividend income** | | |
| The Bombay Burmah Trading Corporation Limited | 54.61 | *54.60* |
| **Miscellaneous Expenses** | | |
| Nowrosjee Wadia and Sons Limited | 62.92 | *140.60* |
| **Reimbursement of expenses** | | |
| Nowrosjee Wadia and Sons Limited | 63.01 | *54.64* |
| The Bombay Burmah Trading Corporation Limited | - | *1.89* |
| Britannia Industries Limited | - | *0.51* |
| **Expenditure on CSR** | | |
| Sir Ness Wadia Foundation | 119.25 | *25.50* |
| Nowrosjee Wadia Maternity Hospital | 69.00 | *144.50* |
| Bai Jerbai Wadia Hospital for Children | 117.75 | - |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**(H) Compensation to key managerial personnel**

| | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|
| | | ₹ in lakhs |
| Mr. Suresh Khurana | | |
| Short term employee benefits | 209.01 | *194.53* |
| Post employment benefits** | 17.42 | *16.07* |
| **Total** | **226.43 ^** | ***210.6*** |

** As the liabilities for defined benefit plans are provided on actuarial basis for the Group the amounts pertaining to Key Managerial Personnel are not included.

^ The Group has paid/provided for managerial remuneration amounting to ₹ 65.92 lakhs which is in excess of the limits specified in Section 197 read with Schedule V to the Act, which is subject to approval of shareholders in the ensuing annual general meeting.

| | | |
|---|---|---|
| **(I) Commission to Non-Executive Directors#** | 32.10 | *234.00* |

# During the year, the Group has paid commission of ₹ 129.25 lakhs to non-executive directors relating to previous year and the balance amount of ₹ 104.75 lakhs is written back.

During the previous year, the Group has paid commission of ₹ 90 lakhs to non executive directors relating to previous year and the balance amount of ₹ 59 lakhs is written back.

| | | |
|---|---|---|
| **(J) Director Sitting fees to Non-Executive Directors** | 43.50 | *22.00* |
| **(K) Contribution to employee benefit plans** | | |
| National Peroxide Limited Employees' Provident Fund | 5.83 | *7.22* |
| National Peroxide Limited Employees' Gratuity Fund | - | *76.65* |

**(L) Balances with related parties as at the year end:**

| | As at March 31, 2020 | *As at March 31, 2019* |
|---|---|---|
| | | ₹ in lakhs |
| **Intercorporate deposits to related party** | | |
| Wadia Techno-Engineering Services Limited | 1,000.00 | *850.00* |
| Macrofil Investments Limited | - | *3,000.00* |
| **Interest accrued but not due on deposits** | | |
| Wadia Techno-Engineering Services Limited | 24.86 | - |
| **Investments** | | |
| The Bombay Burmah Trading Corporation Limited | 48,235.98 | *70,949.57* |
| B. R. T. Limited | 15.60 | *15.04* |
| Nowrosjee Wadia and Sons Limited | 42.84 | *42.84* |
| **Trade Payables** | | |
| Nowrosjee Wadia and Sons Limited | 15.34 | *11.78* |
| **Contributions Made** | | |
| National Peroxide Limited Employees' Provident Fund | 605.04 | *612.71* |
| National Peroxide Limited Employees' Gratuity Fund | 1,229.80 | *1,154.96* |
| **Payable to Key managerial personnel** | | |
| Mr. Suresh Khurana | 68.55 | *66.53* |

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

**Note 45 : Disclosure pursuant to Ind AS 115 - Revenue from Contracts with Customers.** **₹ in lakhs**

| | | Year ended March 31, 2020 | *Year ended March 31, 2019* |
|---|---|---|---|
| **(A)** | **Revenue streams** | | |
| | **Revenue from contracts with customers** | | |
| | Sales of Goods/Income from operation | 19,057.54 | *40,134.65* |
| | Revenue from investing operations | 58.14 | *77.74* |
| | Other operating revenues | 7.33 | *15.57* |
| | **Total** | **19,123.01** | ***40,227.96*** |

**(B)** There are no material unsatisfied performance obligations for the year ended March 31, 2020 and March 31, 2019. Further, entire revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer.

**(C) Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

| | | |
|---|---|---|
| Domestic | 19,038.11 | *40,134.65* |
| Exports | 19.43 | - |
| **Sale of goods / income from operations** | **19,057.54** | ***40,134.65*** |

**(D) Movement in expected credit loss during the year:**

| | | |
|---|---|---|
| **Opening balance for loss allowance** | 38.15 | *38.15* |
| Changes in allowance for expected credit loss: | - | - |
| Add : Loss allowance assessed for the current year | 30.15 | - |
| Closing balance for loss allowance | **68.30** | ***38.15*** |

**(E) Reconciliation of net sale of goods**

| | | |
|---|---|---|
| Revenue as per contract price | 19,535.68 | *40,836.16* |
| Less: Refund Liabilities - Sales Returns / Credits / Reversals | 66.73 | *127.38* |
| Less: Discounts & Rebates | 411.41 | *574.13* |
| **Total** | **19,057.54** | ***40,134.65*** |

**(F)** The entire amount of contract liability as of March 31, 2019 has been recognised as revenue during the current year.

**(G)** There are no significant changes in contract liabilities during the reporting period year March 31, 2020.

**Note 46: Impact of Covid -19 Pandemic**

The spread of COVID-19 disease has severely impacted economies, businesses and social set ups across the globe and in India. The spread of COVID-19 and the consequent lockdowns, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses.

Management has carried out a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of Property, Plant and Equipment, Trade receivables, Inventory, Intercorporate deposits and Investments as at the balance sheet date, and has concluded that there are no material adjustments required in the consolidated financial statements.

Based on the Group's liquidity position at March 31, 2020 and review of cash flow projections (after applying sensitivity analysis) over the next twelve months, the management believes the Group will have sufficient liquidity to operate its businesses in the ordinary course. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

The eventual outcome of the impact of the COVID-19 pandemic on the Group's business may be different from that estimated as on the date of approval of these consolidated financial statements.

## Notes to the consolidated financial statements for the year ended March 31, 2020 (Contd.)

### Note 47: Additional information required by Schedule III

| Name of the entity | Net assets (total assets minus total liabilities) | | Share of profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount (₹ in Lakhs) | As % of consolidated profit or loss | Amount (₹ in Lakhs) | As % of consolidated other comprehensive income | Amount (₹ in Lakhs) | As % of consolidated total comprehensive income | Amount (₹ in Lakhs) |
| **Parent** | | | | | | | | |
| **National Peroxide Limited** | | | | | | | | |
| 31 March 2020 | 60.65% | 48,645.41 | 96.93% | 1,736.62 | 29.30% | (10,096.81) | 25.59% | (8,360.19) |
| 31 March 2019 | 52.40% | 61,509.18 | 99.50% | 15,303.33 | -3.65% | (175.57) | 74.90% | 15,127.76 |
| **Subsidiary** | | | | | | | | |
| **Naperol Investments Limited** | | | | | | | | |
| 31 March 2020 | 39.35% | 31,564.86 | 3.07% | 54.94 | 70.70% | (24,359.44) | 74.41% | (24,304.50) |
| 31 March 2019 | 47.60% | 55,869.36 | 0.50% | 76.35 | 103.65% | 4,992.14 | 25.10% | 5,068.49 |

**Note 48:** The financial statement were authorised for issue by the Board of Directors on July 14, 2020.

**Note 49:** The figures for the previous year have been reclassified /regrouped wherever necessary for better understanding and comparability.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

ASHA RAMANATHAN
Partner
Membership No. 202660

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

Mumbai, July 14, 2020

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# Form AOC-I

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

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

**Part 'A': Subsidiaries**

(₹ in Lakh)

| | | |
|---|---|---|
| 1. | Name of the subsidiary | Naperol Investments Limited |
| 2. | The date since when subsidiary was incorporated | May 6, 1980 |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting period of Naperol Investments Limited is the same as that of its Holding Company, National Peroxide Limited, i.e. 1st April, 2019 to 31st March, 2020 |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | N.A. |
| 5. | Share capital | 25.50 |
| 6. | Reserves & surplus | 31,564.86 |
| 7. | Total assets | 31,611.98 |
| 8. | Total Liabilities (Excluding Share Capital and Reserves and Surplus) | 21.62 |
| 9. | Investments | 31,608.95 |
| 10. | Turnover | 58.14 |
| 11. | Profit before taxation | 56.32 |
| 12. | Provision for taxation | 1.38 |
| 13. | Profit after taxation | 54.94 |
| 14. | Proposed Dividend | - |
| 15. | % of shareholding | 100% |

**Notes:**

1. There is no subsidiary which is yet to commence operations.
2. There is no subsidiary which has been liquidated or sold during the year.

**Part 'B' : Associates and Joint Ventures : Not Applicable**

For and on behalf of the Board of Directors

RAJIV ARORA
*Chief Executive Officer & Director*
*DIN: 08730235*

NESS N. WADIA
*Chairman*
*DIN: 00036049*

RAJESH BATRA
*Director*
*DIN: 00020764*

CONRAD FERNANDES
*Chief Financial Officer*

S. RAGOTHAMAN
*Director*
*DIN: 00042395*

MINNIE BODHANWALA
*Director*
*DIN: 00422067*

Mumbai, July 14, 2020

CHANDUKUMAR PARMAR
*Company Secretary*

VIRAF MEHTA
*Director*
*DIN: 00352598*

HARSHBEENA ZAVERI
*Director*
*DIN: 00003948*

# TEN YEAR STANDALONE FINANCIAL STATISTICS

(₹ in Lakh)

| As at / Year ended 31st March | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (IND-AS) | 2018-19 (IND-AS) | 2019-20 (IND-AS) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets Employed** | | | | | | | | | | |
| Fixed Assets less Depreciation & CWIP | 10,275.99 | 12,040.29 | 11,356.33 | 15,754.51 | 19,134.48 | 18,275.78 | 18,016.25 | 17,529.23 | 24,115.08 | **37,239.05** |
| Investments | 2,177.42 | 2,398.01 | 5,860.87 | 1,029.44 | 958.59 | 705.77 | 5,137.94 | 25,342.70 | 19,159.26 | **17,656.41** |
| Net Current Assets | 2,544.18 | 2,332.92 | 1,611.85 | 4,747.48 | 8,138.38 | 6,558.58 | 6,922.70 | 9,988.02 | 27,152.20 | **-2,290.17** |
| Miscellaneous Expenditure | 2.07 | - | - | - | - | - | - | - | - | **-** |
| Loans & Advances (Net) | - | 157.40 | 785.43 | 1,285.49 | 712.53 | 438.92 | -84.79 | 1,400.15 | 2,270.56 | **436.51** |
| **Financed by** | | | | | | | | | | |
| Share Capital | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 | 574.70 | **574.70** |
| Reserves & Surplus | 12,301.29 | 14,252.14 | 17,230.44 | 20,083.71 | 20,319.68 | 21,425.06 | 26,209.90 | 50,310.13 | 60,934.48 | **48,070.71** |
| Loan Funds | 885.17 | 526.43 | 102.65 | 403.79 | 5,299.44 | 1,033.10 | 105.33 | - | 7,968.81 | **467.93** |
| Deferred Tax Liability | 1,238.50 | 1,575.35 | 1,706.69 | 1,754.72 | 2,750.16 | 2,946.19 | 3,102.17 | 3,375.27 | 3,219.11 | **3,928.46** |
| **Profits & appropriations** | | | | | | | | | | |
| Sales & other Income | 18,487.70 | 15,616.72 | 21,731.46 | 24,062.71 | 20,266.14 | 24,161.23 | 26,149.06 | 32,423.82 | 42,061.07 | **20,859.97** |
| Manufacturing Expenses | 8,976.64 | 10,685.44 | 14,552.51 | 17,229.76 | 17,435.73 | 19,857.08 | 18,488.45 | 16,831.46 | 17,538.11 | **16,563.88** |
| Interest | 75.84 | 40.75 | 34.72 | 21.65 | 468.40 | 538.50 | 213.49 | 50.59 | 73.09 | **273.68** |
| Depreciation | 840.96 | 1,002.19 | 1,100.23 | 973.44 | 721.31 | 895.60 | 892.73 | 919.16 | 923.15 | **1,122.83** |
| Profit Before Tax | 8,594.26 | 3,888.34 | 6,044.00 | 5,837.86 | 1,640.70 | 2,870.05 | 6,554.39 | 14,622.61 | 23,526.72 | **2,899.58** |
| Taxation | 2,801.99 | 1,140.22 | 2,063.34 | 1,976.03 | 1,017.21 | 1,072.97 | 1,769.55 | 5,110.94 | 8,223.39 | **1,162.96** |
| Profit After Tax | 5,792.27 | 2,748.12 | 3,980.66 | 3,861.83 | 623.49 | 1,797.08 | 4,784.84 | 9,511.67 | 15,303.33 | **1,736.62** |
| Dividend : | | | | | | | | | | |
| - Amount | 689.64 | 689.64 | 862.05 | 862.05 | 287.35 | 574.70 | 1,953.98 | 3,735.55 | 3,735.55 | **718.38** |
| - Percentage | 1.20 | 1.20 | 1.50 | 1.50 | 0.50 | 1.00 | 3.40 | 6.50 | 6.50 | **1.25** |
| Earning Per Share (EPS)(₹) | 100.79 | 47.82 | 69.26 | 67.20 | 10.85 | 31.27 | 83.26 | 165.51 | 266.28 | **30.22** |

Notes:

1. Reserves & Surplus includes revaluation reserve.
2. Sales and other Income include excise duty, sale of Assets etc.
3. Dividend Income does not include Corporate Dividend Tax

NOTES

# AWARDS RECEIVED DURING 2019-20

RECOGNITION OF OUTSTANDING SERVICE AND SUPPORT TO
ITC LIMITED, PAPERBOARDS AND SPECIALTY PAPERS DIVISION


ITC Limited, Paperboards and Specialty Papers (PSP) Division presented an award to the Company at the Vendor Meet in Delhi held on 4th December, 2019 'In recognition of outstanding service and support rendered during the time of exigency' to Mr. Suresh Khurana, CEO & Director (centre) and Mr. Vinayak Pujar, General Manager-Marketing (first from left), by Mr. K. I. Viswanathan, Executive Vice President – Sales & Marketing, PSP Division, ITC Limited (first from right).

MAHARASHTRA SAFETY AWARD - 2018

GREEN TRIANGLE FOR SAFETY

NSC-MC

NATIONAL SAFETY COUNCIL - MAHARASHTRA CHAPTER

MAHARASHTRA SAFETY AWARDS - 2018

This Certificate of MERIT
is presented to

**National Peroxide Ltd.**
**Kalyan, Thane**
for
MERITORIOUS PERFORMANCE IN INDUSTRIAL SAFETY DURING THE YEAR - 2018
in
**Chemicals & Fertilizers**
Industrial Group
Mumbai, This Twenty-Seventh Day of September, 2019

P. R. Masurkar
SHRI P. R. MASURKAR
HON. SECRETARY

SHRI ARVIND R. DOSHI
CHAIRMAN

# THE WADIA GROUP

The Group has scaled great heights in innovation and entrepreneurship, inspired by the centuries-old legacy of goodwill and trust. The British Coat of Arms, granted to Nowrosjee Wadia, symbolises this legacy and the Wadia Group's commitment to advancement and innovation.

The crest is a representation of the Group, its philosophy, beliefs and businesses.

The crest and base of the shield represent the family origins in the shipbuilding industry during the 1700s. The middle and upper parts of the shield depict the Group's interests in cotton growing and its links with England in the form of the Lancastrian rose. The hand holding the hammer atop the shield signifies industriousness, together with workmanship and skill. The sun that surrounds the hand stands for global recognition and merit.

The motto, IN DEO FIDE ET PERSEVERANTIA means 'Trust in God and Perseverance'.

**www.wadiagroup.com**

National Peroxide Limited
Registered Office: Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 001.

www.westernpress.in